

PRINCETON UNIV.
Vol. XXVII, No. 12
Dec 22, 1925
THE CREDIT

Credits and Christmas Savings—Page Seven

PF
December, 1925

CREDIT MONTHLY



THE ULTIMATE CONSUMER

Selling Toys on Credit

Page Nine

25 cents

\$3 a Year



If only there had been

STRIKE RIOT and CIVIL COMMOTION INSURANCE

STRIKES and riots are classed among the unexpected—and certainly unforeseen possibilities of loss.

The average property-owner is unaware that he can secure Strike, Riot and Civil Commotion Insurance and yet, it may be vital to his business.

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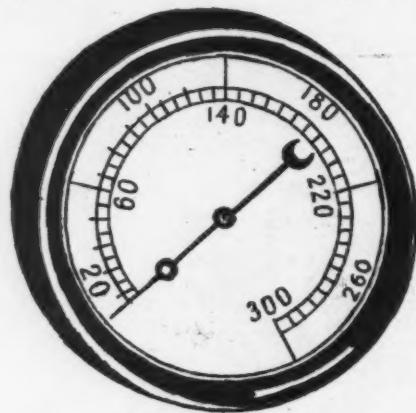
And yet—

If your business became crippled by fire, even though you carried fire insurance with which to rebuild, could you carry on the overhead of salaries, taxes and the maintenance costs during the idle months without suffering an unnecessary drain upon your resources?

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With the Editor

ONE of the most important features in the CREDIT MONTHLY during 1926 will be a number of articles on Economics. The interest shown by local groups of credit managers in the fundamentals of Economics is proved by the popularity of speakers on these subjects and by the growing interest in the National Institute of Credit's course in Basic Economics.

The CREDIT MONTHLY will therefore give more attention than heretofore to this underlying subject.

Cc

OUR readers seem to like credit subjects treated in fiction form. They will find them in the CREDIT MONTHLY in 1926. There will also be detailed descriptions of the functioning of the credit departments in companies known throughout the United States, written either by Credit Managers themselves or by trained writers who have made a special study of credit problems and who know how to gather the facts that will be of most interest and importance.

The CREDIT MONTHLY will continue to avoid as much as possible reprinting material and will try to deserve its reputation as a "source magazine." One of the best-known business writers in the country tells us that for years he has been cutting out articles from this magazine and placing them in his files where they are readily available when he is working on a manuscript.

Readers of the CREDIT MONTHLY are showing increasing interest in the editorial plans of the magazine. It is hoped that this interest will manifest itself more and more during the new year.

Cc

THE question has been raised as to whether collection letters of the more delicate variety, (not mere routine letters,) can be dictated as well to a machine as to a stenographer. Opinions from our readers will be most welcome.

CREDIT
MONTHLY
December, 1925

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Vol.
XXVII
No. 12

CREDIT MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, 41 Park Row, New York.

Rodman Gilder, Editor

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A HANDBOME tribute to the standing of the National Association of Credit Men was paid by Senator Irvine L. Lenroot, of Wisconsin, at the Indiana State Conference of Credit Men. Senator Lenroot said that one reason why the Association stood so well in Washington was that it represented no special interests but worked always for the benefit of the whole of American business.

A NEW honor has come to John E. Norvell, of the Norvell-Chambers Shoe Co., Huntington, W. Va., and past president of the National Association of Credit Men. He has been elected President of the Chamber of Commerce at Huntington, which is just one more recognition of this public spirited credit executive. He served efficiently as officer or director of the N. A. of C. M. from 1916 to 1923.



between

DISASTER & SAFETY

OFTEN it is that a fire prevention and protection survey conducted by experienced Fire Prevention Engineers on manufacturing plants is the difference between serious damage by fire and a plant running at full blast in complete safety. For hazards unrecognized by the casual observer are easily detected by trained eyes.

The Engineering Department of these companies is in a position to be of great value to you in this re-

spect. Inspections are made, rates are checked and recommendations given to eliminate such hazards as may be found. This service is offered by these companies free to their clients. You can easily secure full details through our local agent in your town or direct from us.

Remember that fire prevention measures carried out will often lower the insurance rate. It is worth your while to investigate.

AMERICAN EAGLE
The CONTINENTAL
 FIRE INSURANCE COMPANIES
Eighty Maiden Lane, New York, N.Y.

FIDELITY-PHENIX
 FIRST AMERICAN
INCORPORATED 1835

Interruptio Virulenta

"YOUR forehead looks like a wash-board," remarked the Treasurer genially to his young friend the Credit Manager of a rival concern as they sat down to a Credit Men's Association fortnightly luncheon. "What's the trouble?"

The younger man smiled wanly and tried to smooth the wrinkles from his forehead with his hand.

"*Interruptions*, that's the trouble. They are getting worse in our shop. Yesterday morning I was trying to study the details of that Harris failure—"

"Yes," the elder agreed, "a complicated case if there ever was one."

"Yesterday, between 10 and 1 o'clock I was interrupted 31 times! An average of more than one every six minutes. Fourteen of them were telephone calls. I finally had to take the whole wad of papers home."

"Could you work there without being interrupted?" asked the Treasurer with a smile.

"Well, no—but I did get the work done before I reached the office this morning."

"Hum, an advanced case of that serious business disease *interruptio virulenta*," said the Treasurer as if he were a family physician making a diagnosis. "My prescription is:

"First, arrange for department head conferences daily at which a lot of inter-department business can be dispatched.

"Second, postpone all but emergency visits and telephone calls between departments until after 11 o'clock.

"Third, abolish all kinds of social calls between departments and confine gossip and yarn-spinning to lunchtime.

"Fourth, most important of all, learn how to take necessary interruptions without getting nervous about them.

"If you cannot *calmly* transfer your attention from one piece of work to another and back again, it generally means you have let your nerves get on edge,—and *that* means you are not in a healthy condition."

Necessary interruptions are an inherent part of modern business. Every business man,—even if he can provide himself with competent subordinates,—must learn to handle them without developing a wash-board forehead.

Rudman Gilder

Editor.

CAPITAL \$3,000,000
**QUEEN INSURANCE CO.
 OF AMERICA**

INCORPORATED IN NEW YORK STATE 1891

Head Offices:
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Your broker can tell you why he is pleased
 to give you **QUEEN** policies covering

*Fire—Automobile—Tornado
 Personal Effects Floater
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 and all Subsidiary Fire Lines*

QUEEN indemnity embraces that element
 of **Quality** which represents the true
 spirit of **Insurance**.

STATEMENT DECEMBER 31, 1924

TOTAL ASSETS	\$19,442,403.90
LIABILITIES	13,558,652.69
NET SURPLUS	5,883,751.21
CAPITAL	3,000,000.00
SURPLUS TO POLICYHOLDERS	8,883,751.21

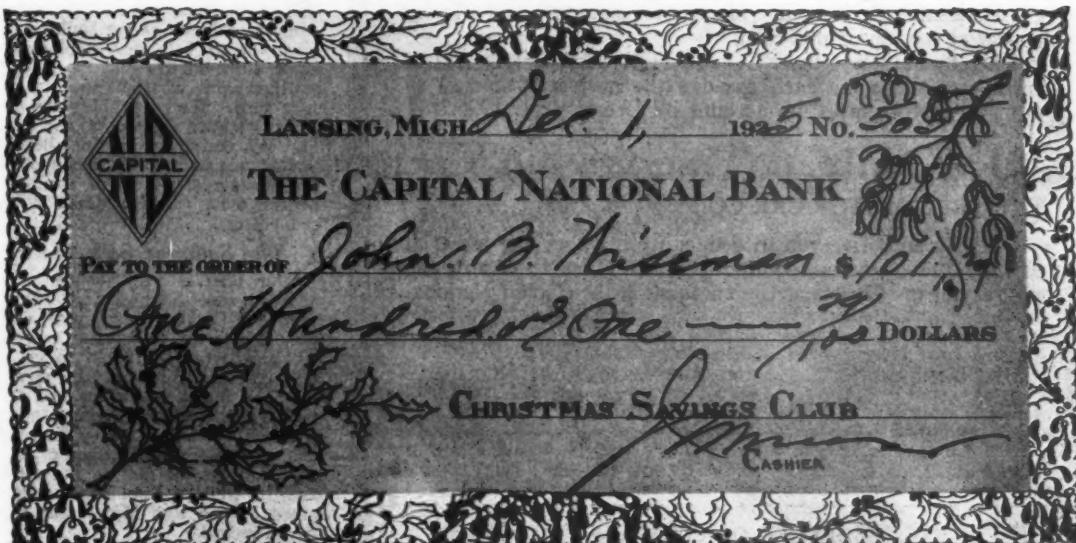
Western Dept. F. P. Hamilton, Mgr. CHICAGO	Southern Dept. S. Y. Tupper, Mgr. ATLANTA	Pacific Coast Dept. Rolla V. Watt, Mgr. SAN FRANCISCO	Cuban Dept. Trust Company of Cuba HAVANA
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CREDIT MONTHLY

Vol. XXVII

DECEMBER - 1925

No. 12



Credits and Christmas Savings

More than \$500,000 Accumulated in a Town of 80,000

By Frank G. Hathaway

Mgr., Dept. of Service, National Association of Credit Men

IT was not "the night before Christmas", it was two weeks before and it was not this but last year, about the fifteenth of December, when the mail man delivered to my residence a holly-decked legal envelope. At first, I thought it was an invitation to open an account at the "Dollar Down" furniture emporium or one of those flattering letters saying that an account had been opened in my name at a downtown department store. Closer scrutiny, however, revealed the name of the Capital National Bank on the envelope, and I knew immediately what its contents would be. Sure enough, on opening it a check to my order for \$101.29 dropped out.

It was not a surprise. I had been reminded each month throughout the year when I made my regular contribution to the Christmas Savings Account, that this check would be in the mail exactly at this time. But somehow it was different from any other check I had received. The thought did not occur to me to put it by for a rainy day, or apply it to my checking account and draw against it as I would a salary check. Quite the contrary. I felt that it was mine for a purpose, mine to spend with all the joys of spending, in

that it was to purchase pleasure, joy, happiness.

Anticipating the experience of last year again this year, I dropped in to see Evans Boucher, the treasurer of a wholesale house in Lansing, Mich., whom I knew in my credit granting days, and found him going over the morning's remittances from the customers of his house.

"How's things?" I ventured after his cordial greeting. "Great!" he exclaimed, "Just look at the checks the mail brought in as well as that pile of salesmen's collections." "Is it unusual with you for collections to be good immediately preceding the holidays?" I asked.

"Well, no," he replied. "It is not unusual, especially the last few years. There has been a tendency toward better collections in the month of December each year. The fact of the matter is, December is one of our best collection months."

"What do you think of the Christmas Savings Plan?" I asked, leading up to the subject of my mission.

"That's the answer exactly," he replied enthusiastically. "Business men are prone to underestimate the tremendous cash-buying power that is put in the hands of the public three weeks prior to the Holi-

days through the Christmas Savings Clubs.

"We had the matter up for discussion at our last Credit Men's Meeting, and everyone agreed that it not only was a great factor in sales but supplied the local merchants with cash to mature their obligations to the wholesalers. For instance, right here in Lansing, a town of 80,000 population, we had literally dumped in the hands of the local people for purchases of Christmas gifts at the psychological time no less than \$365,000 in cash, and this year it will be well over \$500,000, a half a Million Dollars which will inevitably find its way to the wholesalers."

The Banker's Viewpoint

After talking with my friend, the treasurer, I was more and more impressed with the importance these seemingly trivial Christmas accounts were playing in the holiday trade, and therefore called on a banker friend, who told me that his bank's experience showed that the Christmas Savings were growing in popularity each year. His bank had doubled its Christmas Savings deposits over 1924. The plan not only brought customers to the bank who had heretofore considered their financial problems too small to be

NAME _____
ADDRESS _____

Christmas Savings Department
The Capital National Bank

Please enroll me as a member of your Christmas Club in Class _____ My correct signature and address appear at the top of this card.

I hereby authorize the REO MOTOR CAR CO. to deduct from wages due me each pay-day the necessary amount to properly mature my Club account by December 1, 1926.

Clock No. _____

To the REO MOTOR CAR CO.:

I hereby authorize you to deduct from wages due me each pay-day the amounts required at such times to assure the maturity of my Christmas Club account at the Capital National Bank.

NAME _____
ADDRESS _____
CLASS _____ CLOCK No. _____

SCHEDULE OF CLASSES

CLASS 25—Pay 25c straight each week for 50 weeks and receive	\$12.50	CLASS 200—Pay \$2.00 straight each week for 50 weeks and receive	\$100.00
CLASS 50—Pay 50c straight each week for 50 weeks and receive	\$25.00	CLASS 500—Pay \$5.00 straight each week for 50 weeks and receive	\$250.00
CLASS 100—Pay \$1.00 straight each week for 50 weeks and receive	\$50.00	CLASS 1000—Pay \$10.00 straight each week for 50 weeks and receive	\$500.00

SPECIAL CLASS—Join this class by agreeing to pay any certain amount each week for 50 weeks and receive at the end of 50 weeks the full amount deposited.

Plus 4% Interest for Prompt Payment

THE EMPLOYEE, FILLING THIS OUT, COMMITS HIMSELF TO THE SAVINGS PLAN

of interest to the bank, but had had a decided influence in stimulating Christmas shopping. This has helped the local merchants, and what helped the local merchants automatically helped the banks and made the town prosperous.

The local industries had seen the advantages the plan offered and co-operated with their employees in making deductions from the pay envelopes throughout the year and deposit them to the credit of the employees' bank accounts, thereby relieving them of making the deposits themselves.

"We made a careful check of our Christmas deposits in February of this year," the banker continued, "and found that 75 per cent of our Christmas depositors were maintaining either checking or savings accounts with us at that time. This indicated clearly that the savings were being made for a definite purpose, either to take care of a debt that had been contracted, or some future purchase they intended to make, which is a most systematic course to pursue."

I next called on J. W. Knapp president of one of the city's largest department stores, who was most enthusiastic over

Christmas Savings. "Our experience", he said, "is that the idea is a fine one in many ways. Christmas Savings give the purchasers that independent feeling of being cash buyers. The plan not only stimulates Christmas buying, but it acts as a budget for the family in that they have spread the expense of Christmas over the entire year. The psychology of the whole idea is that they are *saving money for a purpose* and it is quite natural that this condition would stimulate good business.

"Another thing we business men like to see," he continued, "is these people establishing relations with the bank, and through the Christmas Club many people meet the banker for the first time. I take the stand that our business prospers only as the community prospers, and it does one good to know that the banks and the Building and Loan Associations are assisting the people in budgeting and planning for the future. Recent surveys show that the holiday trade all over the country is on the increase and it is because people prepare and plan for the holiday buying. It certainly does one good", he concluded, "to see people purchasing with money they have saved a little at a time throughout the entire year, gifts for those

deserving and those dear to them. Surely it is a wonderful spirit."

An Automobile Company's Plan

My good friend Leroy Chapman, Credit Manager and Assistant Treasurer of the Keo Motor Car Co., was the next man I looked in on. He told me of the wonderful plan they had inaugurated to help their employees participate in the Christmas cheer.

"We thought the plan over," he said, "and during the month of December, 1923, after careful consideration, we organized this proposition, not in any sense to co-operate with any of the banks here in the city, but to help our employees to become more thrifty and in general more satisfied with what we are trying to do for them. This is only one of many things we have worked out for their benefit. We derive no financial benefit from this arrangement, only the good will of the employees, which, of course, is one of the most valuable things a company can possess.

The Solicitor Sells the Store

"Our plan is very simple as regards this Christmas Savings Club. During the month of December each year, we permit a representative, or solicitor as you might call him, from the bank, to go through the plant and interview the men during the noon hours, or before and after the day's work. They distribute enrollment cards. These are signed by the employees. The upper section is either given to the bank solicitor or sent to them for their records, while the middle section is retained by the Reo Motor Car Company for its records.

"We operate on a two-weekly pay period basis. If a man desires to open up a "Class 200" account, a deduction of \$4.00 each pay for 25 pays is made from the payroll, and deposit slip is made in duplicate. The original is attached to the employee's pay check, while the duplicates are totalled and check covering the entire amount of deduction from the pay checks of the factory is sent together with the duplicates to the bank at the end of each pay period. It is from these duplicates that the bank posts its records.

"You will readily understand the popularity of this plan when we say that although the first year we had only about 350 accounts, last year in December, when the opportunity was again presented to the employees, it met with such approval that we have now about 900 accounts, with total deposits to June 1st of over \$25,000. More and more employees each month are inquiring into this plan, and we are sure that when December, 1925, rolls around, the number will possibly again be doubled.

"This money is paid back to the employees at a time when money is most needed, for Christmas gifts, winter taxes, coal bills, sickness, etc.

"The plan as outlined here is working very smoothly, and takes very little of the time of our Time Office to handle it.

"In checking over the list we have found that employees who do not even understand even simple forms of banking, and who would never save a cent, will allow us to handle this for them; and in a good many cases it has been the means of a number of families having things that they never had before, or thought they could afford.

"We have also discovered that once this proposition has been started, it is with very few exceptions, not only kept up, but the savings accounts are increased each year.

Another Savings Plan

"We have also worked out a plan for systematic savings other than the Christmas Club, by which the employee is privileged to select any of the three local banks. For instance, should he designate the American State Savings Bank or City National Bank, his deposits will be sent accordingly, together with all others designating that bank, with duplicate slip such as was attached to his pay check, for posting purposes. These accounts have no strings attached to them whatever, but are designed to assist the employee in making systematic savings."

Upon inquiry, I found that other leading concerns in Lansing such as the Novo Engine Co., Olds Motor Works, and the Motor Wheel Corporation, were co-operating with their employees in systematic savings plans.

A New York Credit Manager told me not long ago that Lansing was a particularly good town for them, their sales not only increased considerably in the last few years, but their collections were prompt. This condition is not surprising when we learn of the spirit that exists in this city in helping their people to participate in the Christmas spirit.

By the time this article appears in the CREDIT MONTHLY, over a Half Million Dollars in Lansing alone will be placed in the hands of its citizens, and it is only reasonable to believe that the greater portion of it will find its way to the various Credit Departments of our Nation. Every credit man should rejoice on seeing lined up at the teller's window depositors who are saving by this method, as it not only has an economic bearing in the commerce of our country, but makes more real that Christmas spirit that so happily fits in to the home life of the American citizen.

Selling Toys on Credit

Orders in February, Collections Ten Months Later

By Isaac Deutsch

Steinfeld, Inc., New York

THINKING of the emotions of the Credit Manager of a toy house around Christmas, I am reminded of Irvin Cobb's story of the darky who said when he heard the noon-time whistle, "Dinner time fo' most folks, but just twelve o'clock fo' me!" The man who authorizes credits on toy sales isn't in quite so serious a predicament when Christmas time rolls around; but while every one is making merry he can't help carrying with him some of the uneasiness which is supposed to be cast off for the Christmas spirit. He goes through the gala days with his fingers crossed, for he knows that if there is a bearish Christmas, his records for the year aren't going to show up very well.

He thinks of the risks he has taken, and wonders if those dealers are selling their stocks of dolls and doll carriages and tricycles to Santa Claus. He realizes that, if there are going to be any fraudulent failures in which his firm is caught (and there is never any telling when they may occur in the toy business—several years may go by without one—only to be followed by a year of three or four bad ones) these failures will no doubt develop just after Christmas is over.

The toy business is chiefly a one-month business, the bulk of the sales being made in December, that is to say, the retailers' sales. The Sales Manager of the wholesale firm gets most of his orders in February when the toy fairs are held in New York, and buyers come from all over the country to decide on their holiday goods. His tenseness over sales has ended long before Christmas, but the Credit Manager's worries are not completely laid aside until the shipments which he has passed for credit are paid for.

Looking Ten Months Ahead

Toys are generally delivered in the late summer and fall, and the bills are likely to mature in December, (unless the merchant takes advantage of the cash discount,) though the credits were checked in February or March. That creates a special responsibility for the Credit Department. An account must somehow be kept in touch with throughout the year, even though no more orders are placed. Here, we use various methods and various sources of information, just as other firms do. There are some houses we sell to that are too well established to need

a moment's thought; some buy other lines from us during the year; others have to stay on the Credit Manager's conscience.

We have one advantage which accrues to the Credit Manager as well as to the Sales Manager of a house like ours in that we sell substantial, useful playthings, such as are bought generally by reliable merchants, not knick-knacks, such as marbles, balls and jack-stones, which the novelty and small stationery shops take on at Christmas time and try to sell in competition with the ten-cent stores. Our lines include the sturdy, muscle and character-developing toys like bicycles, tricycles, doll carriages, children's desks, and dolls that satisfy the little mother's craving for some response in their gift-children.

These dolls, it is interesting to note, exemplify the American love of motion, speed and vitality in their ability to open and close their eyes, walk and cry when they are spanked or call "Mama" when they are petted. Here are dolls which cultivate in every way the maternal spirit of the little girl. The other toys which I have mentioned—bicycles and doll carriages—develop muscular energy and reliability, while the child's furniture, encourages a feeling of responsibility.

Toys of this kind necessarily tend to raise somewhat the level of the trade, for, in the majority of cases, it is the dependable merchants who handle them. I might say that virtually all these toys are now made in our own country.

Another element in our business which has a stabilizing effect on collections is the stability of our goods. They are not dependent upon the whims of fashion as some other lines are. From season to season, there are some changes and additions, of course, but the styles remain much the same. The dealer is therefore not likely to find himself stocked with numbers which are not marketable merely because some type of plaything has suddenly "gone out." In ladies' wear, a dealer might buy a supply of an article which had been selling well, only to discover that popular fancy had taken up a substitute and that his shelves were untouched. In such a situation, the dealer might conceivably be very slow in paying for his white elephant goods and in placing another order.

But children's desks, chairs, carriages, tables and so on follow rather conserva-

tively the style of Mother's and Dad's furniture, and prejudices do not arise to interfere with turnover. For instance, the roll-top desks that fathers invariably used to have, are still popular with children. Daughter does not demand that her doll-carriage be an advance 1926 model; the fact that it resembles closely the one which Little Sister is rolled out in is enough for her. Very often, no other consideration will carry as much weight with parents in selecting a plaything for their offspring as the fact that it is just like the toy which gave them pleasure as children.

As far as extending credits in the toy trade goes, there is very little difference here in the methods used from those used in other lines of business. We are guided by the three Cs—Character, Capacity and Capital—and we keep on the job. That is about all there is to it. The most important thing is a merchant debtor's record for honesty and his apparent intention to pay. In the case of a new customer, this is something for our Credit Manager, Mr. Elfelt, to decide. If the credit applicant has a record of having paid his bills regularly for a number of years, it is only reasonable to suppose he will continue to do so. Trains sometimes do jump the tracks on which they have been running smoothly for years, and so do people, but not very often. Some customers who have been buying from us for twenty years we know are slow, but good for what they order. Unless they should place a very much larger order than they were accustomed to, we should not hesitate in granting them credit whether or not they had sent us a recent financial report. Ours is the same old story—every credit department's experience.

Many of the houses which handle our goods sell on the installment plan, or, as it is spoken of now, the deferred payment plan. I have been asked if this policy in any way affects a firm's reliability as to credit. Not at all. Except when carried to an absurdity, this buying method of paying out of earnings is a legitimate one and a benefit to the salaried man who finds it difficult to save money in advance of a purchase, but does not find it a strain to pay an obligation in definite monthly amounts for goods received. Some merchants have not the capital to finance such a selling plan, and they sub-

stitute advance payments for post-delivery payments. They are merely helping a man to budget his income. He can come into the shop and select a doll or automobile before the rush season is on and goods are picked over, make a payment to hold the article, and then pay the rest in weekly divisions so that it is fully paid for by Christmas. A customer came into the office last month and told us he had already taken orders for \$5,000 worth of toys, on which security payments had been made. He ordered additional stock to be prepared also for the last minute buying that was certain to come.

This I want to say of our Credit Department—it is not a morgue. Orders which come in and cannot be immediately checked for credit are not held there and stuck in some corner for later consideration, to be dug out again only when the would-be customer writes in to know what has been done about his order. No actual orders are buried in the Credit Department. Those about which there is question are labeled with a Hold-for-Credit slip, on which has been noted why

they are held up (whether for a credit report, salesman's opinion, bank reference, or payment of delinquent account), and then passed on for official inspection. The department sets about getting whatever information or action is necessary, placing a memorandum in the tickler file to make sure that the matter will not be allowed to rest indefinitely.

Another tickler file prevents any negligence as to overdue accounts. The first follow-up goes out when a bill runs over the 60-day period. Just how many friendly follow-ups are sent before strenuous measures are resorted to depends upon the customer's responsibility and our belief in his good intentions, which I mentioned before. But any leniency which we extend is based on judgment, not on haphazard procedure.

At present, we do not carry credit insurance, due to the fact that we sell to dealers and not to jobbers, who must have large stocks on hand and consequently run heavy accounts. A dealers buys for quick turnover and does not ask for extensive credit. There is no doubt that a sound

principle is involved in credit insurance, particularly as applied to certain kinds of business.

All of this, however, is not making much out of the pretty sentiment of Christmas time and toys, which is probably what the editor hoped for when he asked me to write an article for the December number. But, as I have suggested, we in the toy trade rang our Christmas bells many months ago when we got the dotted line signatures. Now we are waiting for the New Year bells, when the checks, which are a result of the toys you buy in your role as Santa Claus, begin to come in, bringing Yuletide warmth with them. In the meantime, we shall have a certain amount of satisfaction and pleasure in thinking of all the little girls whose hearts will be gladdened Christmas morning by our walking and talking dolls, and of the little boys who will dash radiantly out to the sidewalk to try scooters or velocipedes which were sold in this office, all without any thought or knowledge of the sales and credit processes which were required to place these toys in their hands.

Who Is Responsible For False Financial Statements?

By Samuel Bertcher

M. Ascher & Co., Inc., New York

IN THE days when statements are to so large an extent the basis of credit extensions, it is well to pause and consider the causes making for false financial statements. There are two motives for issuing false statements.

The first is the deliberate intent to defraud creditors. A certain percentage, fortunately small, of human beings are criminally inclined, and until we discover a more effective method of treating such individuals nothing but the full penalty of the law must be applied. It is our duty to see that this is done.

The second motive is the fear of issuing a true statement because the condition shown will prevent the merchant from obtaining his necessary credit. It is my impression that the greater number of false financial statements find their origin in this motive. Most false statements are issued not with the purpose of defrauding but with a view to obtaining credits essential to the continuance of the business.

In order to avoid a bad showing, the merchant inflates his inventory and seriously promises himself that by next year he will have more than made up the amount of the falsity and will show a true statement. Next year, instead of being able to make up the difference, he finds his loss still larger. Now his fear of showing the true condition of his business is greater than ever, and he continues to inflate his assets, hoping for the one season which will pull him out. The season probably never comes and he is a victim of false statementitis when he fails.

Who is to blame for this condition?

To some extent, the merchant, but to quite a degree, credit men themselves are to blame because of lack of discretion on their part.

Admitted that profits are the life of business, absence of profits, or even a loss, does not necessarily mean the death of a business. Credit men have been so imbued with the idea that profits are

essential that they frown and look askance at a merchant who does not show a gain. They immediately suspect the man who has a loss. Many concerns have gone on the rocks because some credit men thought they were no longer entitled to credit in view of the loss as shown.

Observation has taught the customer to realize all this. Debtors have been so educated to the whim of the credit men in this respect that they have gone out of their way to fashion statements that will bring a smile to the credit man's face and avoid that much dreaded dictum: "Sorry we can't check you; you don't show progress."

I know of a concern that showed a capital of approximately \$20,000, and lost about half of it during the year. This concern had operated successfully for several years and had established a good credit. When the statement came in showing this loss, the credit man who had been extending the largest line of credit decided to "pull out." He sent for the customer and straightway informed him that much as he regretted it he would be obliged to discontinue extending credit because of the loss indicated in his statement. The customer tried in vain to explain the loss. The customer impressed upon the credit man that his withdrawal of credit would result in others withdrawing credit and that if he thus were deprived of the various sources of credit he could not go on. Many years of satisfactory dealing with this house meant nothing to this credit man, for had not the customer shown a loss during the year? The customer left the credit man much disheartened. He had been trodden upon by his largest creditor. How could he hope for better treatment from the smaller creditors? He lost heart, could not attack his work properly and eventually failed. I know the man, and I say he was and is honest, and entitled to a chance to continue.

If debtors are to be treated in this manner, are they not forced to make dishonest statements in order to give themselves a chance to continue in business?

The fallacy of insisting that statements exhibit profits has resulted in false statements. Before debtors can be educated in business ethics, credit men must be educated to treat their customers so that they won't fear to tell the truth. When one realizes that credit men spend a good deal of their time prosecuting false statement makers for whom they, in many cases, are responsible, one finds a peculiar paradox in a vital part of our business structure.

Give consideration to the statement which shows a loss. All is not gold that glitters!

Day's Course in Credits

J. VICTOR DAY, prominent in the J. National Association of Credit Men, and an officer of the Smith Patterson Co., Boston, is instructor in charge of the course in Credits and Collections given by Northeastern University, School of Commerce and Finance.

A total of thirty-four class sessions, including examinations, are devoted to this course. Each session is two hours in length.

The University is co-operating with the National Institute of Credit in offering courses leading to the junior and senior N. I. C. certificates. During the coming year the following courses are offered: Economics, Credits and Collections, Money and Banking, Business Finance, Business English, Business Report Writing, Elements of Accounting, Law of Contracts, Law of Sales and Commercial Papers all of which apply to the credit of those who are working for certificates.

During the past two years the enrollment in the Credits and Collections course at Northeastern University has averaged about thirty-five students.

Buried Alive

By Frank R. Otte

Brockport, N. Y.

THE day watchman at the D. & H. Company answered the bell with unusual celerity; such summons on Christmas morning was unexpected. Half running, half walking along the narrow basement corridor he slackened his pace when the face of Jimmy Barnes pressed close to the door window disclosed the identity of this unexpected visitor.

"Merry Christmas, Bill!" Jimmy turned down his collar, stamped his feet and shook himself free of snow like a shaggy dog which had wallowed knee deep in drifts.

"The same to you, Jimmy. It's a bit of a storm even for this time o' year." The watchman took the proffered box of cigars, smiling his appreciation.

"Just dropped in with this," Jimmy continued, "but as long as Mr. Meriweather's car is at the curb I'm betting he's at it again. I'll stroll up and wish him my best if you don't mind."

"Help yoreself, Jimmy, but I'm not thinking he'll welcome interruption—sech a bear for workin'; Saturday, Sunday, and holidays." Old Bill Tooley shook his head, a gesture signifying more contempt than admiration. "I knowed him as a boy when we was playin' around together, and says I onct to another boy, says I, 'I'll be a great man some day, but for a' o' that he'll be buried alive! Sech was the boy—doin' it all hisself—and sech is the man."

Jimmy listened to this philosophic comment with a show of serious amusement. Walking along the echoing corridor to his office, the truthful brutality of the janitor's statement struck him with forceful significance.

"Buried alive," he mused, pausing a moment to glance down the long row of empty desks. A strange silence brooded over the place; in the morning, he mused, there would be a jangle of voices blending with the busy ticktack of countless typewriters, the tap of hurrying feet interpolated with the drone of conferences—all toned to a rather unharmonious symphony of business routine. In this orchestration he had played his part for ten years; more often only a dull note in the hum of activity, but occasionally pitched to a

higher key in the excitement of tabulating statistics for a big deal. The analogy of an orchestra appealed to him, and lost momentarily in this reverie he turned expectantly as if to look for the leader—Mr. Meriweather wielding the baton. The stillness oppressed him. "No, the leadership is not there," he mused, "I'll find him as usual lost in a miserly wealth of detail."

plating the young man who with firm, set jaw and still eyes penetrated his own puzzled gaze. He stepped forward and place a hand on Jimmy's shoulder. Suddenly he had been moved by a great longing, inscrutable, and past defining.

"Resignation?"

"Just that, Mr. Meriweather."

"It's a strange way to ask for a raise. Come now, considering the day, perhaps we can get a little closer to each other. Ten years of faithful service in the D. & H. Company hardly calls for such brusqueness, Jimmy. Sit down. Cool off. There—that's better. Now, what's your price?"

"You've got me wrong, Mr. Meriweather. There's no price—no price in the world."

With all John Meriweather's martinet propensities, he carried below the surface a warm heart—or perhaps it was the chiming of the Christmas bells that suddenly brought out the softer side of his nature.

"Jimmy," he said, "you seem to speak with unusual emotion. Resignation or resignation, shall we simply dispense with all business formality. Man to man, you unload!"

"And only hurt your feelings?"

"Well, if that's it, go ahead. I've a pretty tough skin." The elder man sat down, locked his fingers complacently, and waited.

The young man twitched a pencil nervously. "And if I

start," he said, "there is no telling where I'll stop."

"Then start at once," and with this, John Meriweather handed him a cigar.

Jimmy accepted it. He was a bit abashed at this unexpected softening.

"It's just this, I don't want to be buried alive."

John Meriweather raised his eyebrows in whimsical terror.

"Look at that desk," unheeding Jimmy hurried on. "For ten years I've watched you slave over detail, watched you play clerk, stenographer and credit man, an incompatible union. Forgive me for saying it, but I think you have made a mess of it. You who should so thoroughly be the financial leader of this great concern—what are you other than a mere drudge? I am not unobserving, Mr. Meriweather.

(Continued on page 27)



"IT WAS TOO LATE FOR HIM TO RETREAT."

He paused but a second, then the intrepidity of his decision hastened him. This very morning he had vowed a conclusion to that decision which for months had been worrying him. Now he knocked boldly on the door of the treasurer's office.

"Ah, it's you, Jimmy—yes, Merry Christmas, of course," Mr. Meriweather looked up from the stack of papers that littered his desk.

"You'll excuse me, I hope, for so unceremoniously breaking in."

Mr. Meriweather nodded. A trace of weariness seemed to suggest faint heart for the task confronting him.

"It is unusual, I know, to present one's resignation at such a time," said Barnes, "but let's have it over, and the day'll be that much happier for both of us."

John Meriweather pushed back his chair, stood for a moment silently contem-

Watch the Security Market

Not as a Speculator, but as a Credit Analyst

By A. August Belmonte

Electro Metallurgical Sales Corporation, New York

PROBABLY many credit men have picked up a newspaper and looked over stock market quotations without ever thinking what relation such quotations had to credit conditions of the nation, or how such quotations might be of interest to him in his particular work. How many of us have looked at stock market quotations as a source of credit information? To the man who has some knowledge of stock market technicalities and knows something about discounting the stock market, the financial section of a newspaper has a wealth of credit data.

First it supplements, in many cases, the ordinary information about an individual concern obtained through the usual mercantile agencies, etc., by showing if the concern's securities are on the exchange, what the company's stock is worth in the open market, what the general public thinks of it, and whether the company is paying dividends. It, also, pretty accurately portrays the financial condition of the company itself.

In the second place, security movements on the stock exchange classified according to industrial groups will generally show the position of an industry and indicate whether it is prospering or falling behind.

One of the most important functions that the stock exchange security quotations perform is to reflect the general business condition of the nation and fairly accurately forecast the trend of industry for at least three months. A credit man can certainly profit immensely therefore by an intelligent study of the financial page.

It is of utmost importance, however, to have some knowledge of the factors, or at least some of the most important factors, that sway stock market securities. It apparently is useless to look at security prices as a whole and, because they show a tendency to rise for a few days, conclude that business is good, or vice versa. Moreover, in view of the numerous securities listed on the New York Stock Exchange alone, it is impossible to judge the market as a unit. The securities of certain industrial companies may be selling at a high point, whereas, securities of other concerns engaged in a different industry may be at low points, while again, public utility stocks, or railroad stocks, may be selling at intermediary levels. Instead of having one market therefore, we now have a number of markets on the Stock Exchange. Therefore, let us view security movements by industrial units but, at the same time, let us not forget that often enough all stocks will move in sympathy with each other.

In order that the Credit Manager may use the stock market as a business barometer and have it assist him in checking credits he should bear in mind some of the following important factors which help create stock prices and make "bear" and "bull" markets. Above all things, it is to be understood that in the long run nothing will affect a stock as the financial strength and earning capacity of a



A. AUGUST BELMONTE

INTEEN out of twenty stock market speculators on margin are said to be losers; and the winning speculator often pays out more than his winnings in brokerage commissions, (the price of a seat on the New York Stock Exchange has reached \$152,000).

Mr. Belmonte does not recommend playing the usually fatal game of "bucking the stock market." He shows, however, that a study of stock and bond movements may help the Credit Manager to perfect his work.

It is not generally known, by the way, that Mr. Belmonte contributed some of the most interesting letters used in the Tregoe-Whyte textbook "Effective Collection Letters," including those on page 38 of the October issue of the Monthly

company. Other forces will affect it temporarily but the factor just mentioned is the most important.

The supply of a certain stock, the amount of stock outstanding, and the public demand for that stock, naturally affect the price of a security. That is the same economic law that applies throughout the business world.

Temporary Effects on Market

The psychological feeling of optimism or pessimism will set security prices soaring, or depress them unduly. So-called technical market conditions affect a stock. Manipulation, propaganda, current news, will also affect a stock. The factors mentioned, however, will generally have only a temporary effect on security prices and, therefore, need not be so closely studied from a Credit Managers viewpoint. But it is well to know about them.

Some of the more important considerations that influence stock market movements are the prices of commodities. Generally, rising commodity prices will have a beneficial effect on business and on stocks. If the prices get too high, however, and buyers withdraw from the com-

modity market then, in turn, business conditions suffer and stock market prices are depressed. The fluctuations in the price of copper, for instance, will generally, determine how stock market prices for copper securities will move, and of course give good indication of what the profits of copper companies will be.

One of the really great factors that affect security prices is the current interest rates—what people have to pay when borrowing money. There have been rising stock markets with high interest rates and vice versa; but, generally, low interest rates will often maintain stock prices at a high level, even though business conditions are not entirely good. This is a very important thing for any credit man to take into consideration when endeavoring to forecast business conditions through security movements. It is evident that, if a man must pay 6 per cent or 7 per cent on borrowed capital to buy securities which will return only 6 per cent or 7 per cent without much opportunity for appreciation, the risk taken will be entirely out of proportion to any profit he may secure and he, therefore, will not buy securities. If money can be borrowed around 4 per cent and securities bought to yield 7 per cent the securities will look attractive and stock prices will generally hold up.

Foreign Money Rates

Besides the interest rates in this country, one should learn of the interest rates of the Bank of England. Any nation sound financially and economically and offering a higher return on invested capital will always draw money of the world to its doors. An outflow of money from this country to England, or some other nation, would therefore tend to depress security prices, although business conditions here might still be good. In such a circumstance it would be evident that the security prices would be artificially depressed.

A large gold supply in this country would tend to keep rates low and help both business and security prices. This, generally, would be a good thing, if inflation could be controlled. The supply of gold as indicated by the Federal Reserve Bank reports should, therefore, be watched.

It is needless to say that extraordinary events such as, national political events war, famine, unexpected international crises, will not only affect security prices but they will also affect business conditions.

The Crop Situation

Another factor that never fails to influence stock market movements, because it never fails to influence general business conditions throughout the country, is the agricultural situation. A profitable crop for the farmers is often sufficient to make the country prosperous and cause "bull" movements to get under way. As a

single influence on stock market prices probably agriculture comes next to interest rates.

With the above considerations in mind, and discounting at approximately their Credit Manager can look to the stock market as a pretty reliable forecaster of business conditions. He can fairly safely assume that seven or eight months of rising security prices is almost certain to fore-*cast* improved industrial conditions and better earnings for companies. On the other hand, a period of four or five months of falling security prices may herald a drop in business even though business at the time may still appear to be prosperous.

It must again be emphasized, in this connection, that the market must not be judged as a unit. For instance, during the present time, sugar and textile securities are at a low level, and this, notwithstanding a stock market boom which has been in progress for some time past. The level of such securities are, however, pretty nearly reflecting the condition in the sugar and textile industry. The automobile securities have recently been selling at high prices reflecting the seasonal condition of the industry and the improved earnings so far this year of automobile companies.

The different position of such securities reflect in turn the fact that different industries arrive at various stages of the business cycle at various times. It may be that while one industry is prospering and is at an advanced stage of the business cycle, another industry is just emerging from a depression, or beginning to enter a season of poor business. These instances indicate the necessity of viewing stock market security movements according to industrial groups.

Minor changes up and down will be witnessed every month and, in fact, every day. Powerful pools may be able to sustain the rise or continue the depression in particular stocks, but not all the pools in the world could gather enough money to force stock market prices to move in one direction for any length of time. Only basic economic laws can ever govern security prices in the long run; and therein lies the great importance of looking to the stock market as a barometer of business conditions.

In handling credits, naturally the most important thing is the individual concern. After all you will look to the individual concern to pay its debts. Some companies may be very strong even in the midst of a panic while others may be tottering in a year of great prosperity. But no Credit Manager can extend his usefulness very far by studying each individual concern without taking into consideration outside influences and the broad economic trend of the company. As Woodrow Wilson said some time ago, "Lift your vision to the horizon of business," and take in the broad view of commercial, financial, and economic conditions of the Nation and of the world.

For a few cents a day by glancing through the financial section of a newspaper, Credit Managers can keep their hands on the economic pulse of the country and put themselves in a more intelligent position to handle credits.

Permanent Possession?

"THIS check that you handed me has come back to me from the bank three times. Does that entitle me to permanent possession?" asks a character in "The Butter and Egg Man," the new comedy by George S. Kaufman.

Today's Business News Important For the Credit Man

By George J. Gruen

Vice-Pres., Nat'l Assn. of Credit Men
Gruen Watch Mfg. Co., Cincinnati



GEORGE J. GRUEN

DURING the eighteen months just passed there has been abundant evidence of the great need for a section of the daily press devoted exclusively to real business news, aside from market quotations. Such news should, of course, be sectionalized. The credit executive who keenly realizes his responsibilities from the standpoint of financial safeguards as well as sales possibilities must keep closely posted on economic conditions rather than base his decisions on theoretic conclusions. Among the important events of this period were:

(a) The great deflation in the Dakotas caused primarily by pyramiding of land values and the resultant frozen credits. Besides there were crop failures out of which developed the need for diversification in agriculture.

(b) The California disaster.

(c) The closing down of mills and factories in New England.

(d) The damaging, unseasonable weather in Iowa and other sections in the autumn of 1924.

(e) The severe drought in North and South Carolina, Tennessee and Georgia.

(f) The drought in Texas, most severe in Southern half of State.

What the credit executive needs more than stock and bond trends is a weekly survey of conditions industrial, financial and agricultural, also unusual weather conditions of the country, divided into sections. This will greatly assist either in curbing undue inflation or in sales promotion. A thorough understanding of existing conditions will enable the credit executive to assist the temporarily distressed merchants where it is merited and avoid pressing unwisely.

I am inclined to think that today there are really too many agencies attempting the distribution of economic statistics and forecasts. Some are too general to be really helpful; others are misleading because of their incompleteness.

A section devoted to real business news at least weekly in the daily press would be of immense value to credit executives and would result, I believe, in greatly increased circulation for the newspaper. Several Cincinnati papers have been doing this on a limited scale. In one there appears each Monday morning an analysis of business conditions by Theo. Price, editor of Commerce and Finance, something of an authority. The summary is very well presented, and is clear, concise and readily analyzed and digested. There is also shown a comparison of prices of the leading commodities, and a record of failures and bank clearings.

Another paper has been presenting, weekly as a rule, a general survey of the trend and developments in different lines and in financial conditions, by well known writers on its staff.

Foreign News Important

The credit executive should, I believe, keep posted to some extent at least on the status of foreign trade and foreign relations. A weekly or bi-weekly summary would be worth while so long as the articles were confined strictly to facts and did not include inspired reports.

The extension of credit bears such close relation to the progress and development of each business along sound lines and to the economic development of the nation that the credit executive must be guided by facts and a thorough knowledge of conditions rather than guess-work or rule of thumb. That is why I am convinced that it is important to select a few reliable agencies and study their reports and analyses diligently and with the same regularity as the general news and comic sections. I do not mean by this that the credit executive should pass up the latter. General happenings frequently have an important bearing on credits and sales; moreover he should not bury himself in statistics.

I myself consider special services, like Brookmire and Babson, very valuable and, through them keep closely informed on general conditions over the country as well as changes, when they are occurring, either favorable or otherwise. Then, too, their forecasts are exceedingly valuable in laying out a financial program and in sales promotion.

The newspapers, with their widespread facilities for investigation and gathering of facts while fresh, are it seems to me, excellently situated to establish and extend business news and economics sections.

A proper study of conditions in this way will not eliminate all difficulties that arise in the control of credits. If however, the credit executive applies a liberal amount of common sense when acting in accordance therewith, he will find the results more constructive and will attain a better turnover on the accounts receivable, with reduced losses.

The credit executive should by all means faithfully read the business news that does appear in the daily press and in every feasible way encourage the newspapers to give consideration to the importance and value of it.

A Credit Information Source

Daily Business News Carefully Studied by Credit Men

By G. E. Blanshard

THE only office where men can read newspapers without giving the impression that they are not on the job is a newspaper office. The officer in charge of credits for an important textile house recently said to a CREDIT MONTHLY representative: "The reading of business news in the daily papers is an important duty for me and for every man in our Credit Department. Yet the old idea that newspaper reading is a diversion still prevails so strongly that we cannot read newspapers in the office."

This seems a stubborn theory to cling to in view of the increasing amount of space which the press all over the country is giving to general business news. It is not always possible to get a good survey of the morning's news while on the way to the office, when cars and trains in many commercial communities are often so crowded that it is hard to breathe, not to mention folding, unfolding and reading a newspaper. And credit men, like everyone else, are advised by health authorities not to read their newspapers at breakfast if they would live long and happily. "But," one credit executive said, "any credit manager who neglects to read the business news in the daily newspapers is denying himself necessary information and thus seriously handicapping his work as a grantor or withholder of credit."

At what time, then, is the credit man to do this very necessary part of his work? It would appear that executives might do well to encourage rather than condemn a few minutes devoted to the daily papers, even at the risk of staff members beginning the day with a laugh over the comic section, instead of a vicious frown because some one in the subway had stepped on newly shined boots.

"No matter what special interests he has, whether baseball or church, the credit executive should keep in touch with the outside world," C. H. Hamilton, of the Merchants Coffee Company, New Orleans, said. "And certainly in no previous era has the citizen been supplied so fully, accurately and swiftly with the news as he is by the newspapers of today."

"Through the newspapers, the credit man can learn about worldwide events that may have a bearing, direct or indirect, on his particular line of business," Mr. Hamilton continued, "and he must study beyond the narrow limits of his particular line in order to prove himself a

broad gauge executive. From its columns it is possible to get a fair idea of the trend of business in general and more definite news about the specific trades. There is also the opportunity to keep in touch with business in all parts of the country, as well as in the particular section he cultivates."

"News of storms, tornadoes, frosts and

E. D. Ross, of the Irwin Hodson Co., Portland, finds that an idea can be gained of the prospective volume of various lines of business through comparative steel production figures. "In our district," he said, "we watch the market reports on lumber, wheat, fruits, fish, building permits and the figures of the Port of Portland showing volume of our exports."

"In the cotton and tobacco sections," J. F. Wood, of the Richmond Dry Goods Co., said, "we often follow up our collections through newspaper reports on sales of tobacco, ginning of cotton, etc."

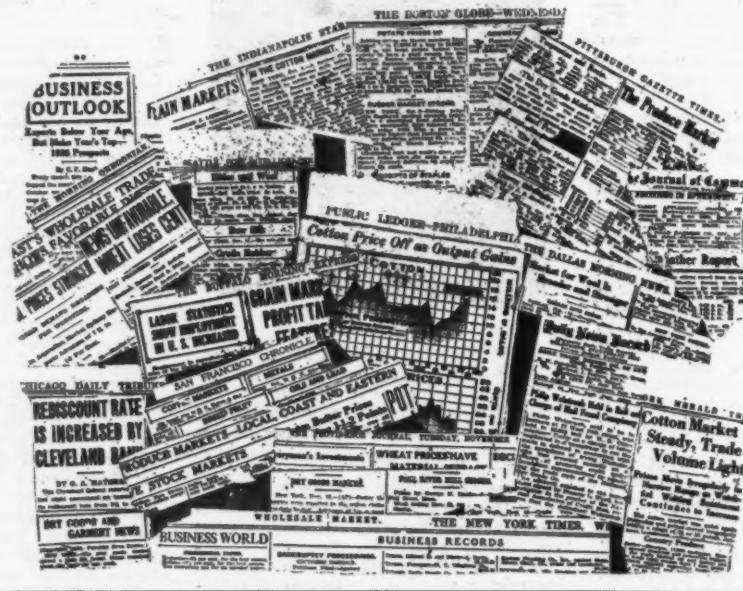
New manufacturing processes are invariably noted in some form or other, and as a bid for the attention of the general reader public utilities are quoted daily in some papers. "In fact," says H. R. Richmond, of the General Radio Co., Cambridge, Mass., "to my mind the two to four pages devoted to business and financial conditions printed in the better newspapers is the real heart of the paper."

S. J. Anderson, of the Quaker Oats Co., Philadelphia, finds many items on business in the news section, and goes so far as to say: "I would as soon pass an order without a proper investigation as I would go without diligently reading the paper."

Verify News If Possible

It is a general principle of good credit work to verify information as much as possible. One nationally known credit executive recommends a careful checking with other sources of information to ascertain what papers are thoroughly reliable in their statements and figures, which hold closely to facts and which believe in coloring the news slightly in order to attract the general reader to the business section. "To the credit of editors also," says a student of credits, "many an editor, by judicious wording of facts, has kept his whole territory from losing faith in its future when prospects looked dark, and held it intact until the corner was turned."

"The credit man must discriminate between the wheat and the chaff, especially in the financial section," says J. M. Zang, of the Miller Rubber Co., Akron. Even statements by specialists and experts should be compared with what others as well qualified have to say on the subject. The newspaper plays so great a part in molding public opinion, and is so completely part of the economic and political



other weather conditions are often of great importance and reports on sectional booms are always interesting," H. J. Broomhall, of the Kalamazoo Loose Leaf Binder Co., said. Where a house does a large business in agricultural districts the crop reports are a barometer as to purchasing power. "These reports" A. J. Goldwater, of Stewart-Dawes Shoe Co., Los Angeles, said, "tell him whether he should sell aggressively or hold back, and where collections should be or should not be prompt." Northern Maine is almost wholly dependent upon the potato crop, and business is either good or bad there as the potato crop is good or bad. "And the credit executive," E. P. Tuttle, of the Atlass Shoe Co., Boston, asserted, "in following the business news regarding the condition of the crops, the prices being paid for potatoes, etc., is enabled to determine how far to go in extending credit in that section."

Then there are the textile, hardware, tool, machinery and boot and shoe trades. The information printed by the newspapers as to conditions in the cities specializing in these trades is a real guide to the executive who must pass on credits for them. In the mining districts, the price of ore has a great deal to do with conditions and building permits and bank clearances also act as good barometers.

life of the country that the reader must consider the reputation of the paper he buys before accepting everything it says; and he should then strengthen his position by collecting all the information available on the subjects in which he is interested.

Commercial and trade dailies are among the best sources for verifying the news given in the general newspapers. The CREDIT MONTHLY has learned by extensive inquiries that credit executives are regular readers of these specialized daily publications. Some of those mentioned, not including a number of weekly reports, magazines and services, are *Barron's Financial News*, *The Wall Street Journal*, *The Commercial and Financial Chronicle*, *The Daily News Record*, *The Wall Street News*, the *Journals of Commerce* of New York and Chicago, the *Daily Metal Trade*, the *Textile Trade*, the *New York and Indianapolis Commercials*, the *Corn Belt farm dailies*, the *Record Stockman* of Denver, and the *Daily Notification Sheet*, a Seattle publication. William H. Pouch, of the *Concrete Steel Co.*, New York, considers the various special service reports and newspapers so important that he studies them at home as well as at his office.

Another prominent grantor of credit believes every credit executive should read one or more morning and evening dailies, and if possible subscribe to a recognized paper with a national circulation. With some notable exceptions there is less space devoted to business news in the evening than in the morning journals, but the careful credit man sees at a glance all there is and then turns to the other parts of the paper, not forgetting the editorials or the comic sheet. "I think credit men should read the editorials whether or not he agrees with the editorial policy of the paper," a prominent credit executive said.

System In Keeping Notes

One of the watchwords of the Credit Department today is system. There is system in keeping credit information and sales data; system in collection methods, and system that haunts the markets for new and more efficient methods, ideas and mechanical devices. But all this use of system yields small profits if it does not succeed in training those who man the department to be systematic. Sometimes the good fairies give us a sense of system along with their other gifts, but very often they leave us to acquire it or get along without it. But the credit executive who has learned to profit by reading items on business news is most likely the one who has devised some method of keeping them systematically where he can refer to them at will. There is too much literature that the credit executive must read today to tax the memory with retaining everything of value. A card file or clipping drawer is an excellent method of keeping information for future reference. One executive makes a habit of marking as soon as he reads them the business articles he wants to keep. He then hands the paper to his secretary, who clips and files systematically all these business news items that seem likely to be of future interest.

J. W. Hallman, of the Sun Oil Co., Philadelphia, gave us an excellent survey of his clipping file. Included in it were the following: A chart of production for 1924 and 1925 of leading lines of manufacturing, a chart showing the relative tons of shipping between the United States and foreign countries and the idle tonnage; a clipping showing bank clearings, with the daily average for the three

He Sought Protection While He Had It All the Time

By **Dwight, A. Murphy**

City Trust Co., Indianapolis
Director, National Association of Credit Men



As a kid I used to carry the Greensburg Daily News and the Cincinnati Post. One day it began to rain and, knowing I had started out with an umbrella, I began looking around for it. Thinking I had dropped it, I went back a block or two looking for it. It suddenly dawned on me that I had it in my hand. It had been there all the time, and I felt exceedingly foolish when I found it.

Credit managers are often too prone to look about for protection when they already have it in their hands. If they were as familiar with what is going on in the business activities of the community as they are with the latest developments in the coaching methods at Yale or the physical condition of Babe Ruth, they could pass on credits more intelligently.

The saying that a man's judgment is no better than his information is a very true saying. One of the neglected sources of information which is already in our hands is the daily newspaper. There is hardly an issue that does not have some information in it of value to the credit

executive. The commercial papers are full of information.

Notice of insolvencies and financial embarrassments, etc., are by no means the only things of interest and importance to the credit executive. Good news is just as important as bad news. If a new firm has been incorporated; if an old one has increased its capital; if some general or special business condition arises which is going to help materially some business which has been giving you some concern; these are all matters of vital interest which can be found by careful reading of the commercial paper and the newspaper. The constructive and preventive uses to which this information is put will indicate the capacity of the one who uses it.

When this avenue of information is more extensively used, the papers will be quick to respond by publishing more news of this kind.

The commercial and daily newspapers are only one source of valuable information to the credit executive, but they are an inexpensive source already in your hands. Use them.

months of the third quarter and a comparison for these respective months between 1923, 1924, 1925; a clipping showing comparison of cotton spinner's activities for 1922, '23, '24 and '25; a clipping showing a comparison of the number of farms in the U. S. from 1890 to 1925 and another showing composite crop conditions with a percentage of ten year average; a clipping showing a new dip taken by prices in the October wholesale price level; a report showing automobile production from 1919 to 1925, and a comparison between the number of open and closed cars; a chart of exports and imports from 1920 to 1925; a chart giving a comparison by percentage between 1924 and 1925 on production, employment and time operated. "Surely," Mr. Hallman concluded, "I do not need to say any more in support of this very valuable source of information."

William Fraser of J. P. Stevens & Co., New York, remarked that "generally speaking the newspapers do not consider that business is news". On the other hand, however, the above opinions denote that credit executives consider all business items printed in the daily papers as news

well worth reading and often of great importance. J. L. Thompson of Yale & Towne Mfg. Co., Stamford, Conn., expressed the belief that "anything that has to do with business should be of interest to the credit executive because it affects credit", and Geo. J. Clautice of Lyon Clautice & Co., Inc., Baltimore, came to the defense of newspaper editors by stating that "they are willing to publish anything the people want and if a sufficient number want a larger proportion of business news it can be had."

"Furthermore", added C. S. Cook of the American Brass Co., Buffalo, "the daily papers are in business primarily for profit and the means of obtaining that profit are to sell that for which there is a demand. If it becomes known to them that a sufficient number of regular readers are in the market for a certain type of news, obviously they will provide it." Nor in doing this has the newspaper any need to lose its identity as a carrier of general news, for the more ground covered by the business news the more general in scope it becomes. Mr. Hamilton, quoted earlier in this article, allowed

that "if a newspaper helps a man he ought to help the newspaper and that he cannot do that better than by giving the paper suggestions as to what should be printed.

"The newspaper," he said, "like other big organizations, has a suggestion box. Nine of the suggestions may be idle, yet the tenth may contain a gem of an idea valuable to the people and the paper."

"To further encourage the printing of business news," Mr. Zang, also quoted above, said, "credit men should study the needs of the business community and by co-operating with the financial editors develop a service profitable alike to business men and the newspapers."

E. D. Ross, who as we noted above finds a lot of important news in the financial pages, summed up the situation very adequately when he said: "Certain reports in the dailies should be faithfully read in order to keep one's hand on the pulse of the business world." In doing everything possible to encourage the printing and reading of the business sections, Credit Managers will be increasing just that much more the value of the papers to their departments.

* * * *

We are grateful to the credit executives who have supplied the information for this article. Besides those mentioned in the article itself, the following have contributed a number of helpful ideas on the subject: J. W. Allen, The J. W. Crowdus Drug Co., Dallas; T. K. Cree, The Alling & Cory Co., Pittsburgh; Gordon M. Day, Day-Bergwall Co., Milwaukee; J. W. Dickson, Texas Paper Co., Dallas; W. F. H. Koelsch, New Netherland Bank, New York; J. W. Merriam, The Lincoln Electric Co., Cleveland; John E. Norvell, Past President of the National Association of Credit Men, Norvell-Chambers Shoe Co., Huntington; Joseph Rubanow, Wilmerding & Bisset, New York; J. K. Scoggan, B. F. Avery & Sons, Louisville; W. E. Tarlton, Brown Shoe Co., St. Louis; B. A. Wilcox, The Omaha National Bank, Omaha; and A. T. Woodward, The United States Shoe Company, Cincinnati.

Hoover Appoints Shepard

THE news that E. W. Shepard of the Western Electric Co. has been appointed by Secretary Hoover of the U. S. Dept. of Commerce to serve as a member of the Advisory Committee on Mechanics Lien Laws was very gratifying to the National Association of Credit Men which has taken an interest in the subject of Mechanics Lien Laws for a number of years.

Mr. Shepard, who has long been active in the N. Y. Credit Men's Association and the National Association of Credit Men, is at present serving on the Banking and Currency Executive Committee of the National Association. He has been connected with the credit department of the Western Electric Company for a number of years and is now in full charge of credits for all the company's departments.

Our Poet Laureate

DOUGLAS MALLOCH, long on pleasant and intimate terms with the credit fraternity, was one of the principal speakers at a big meeting of credit executives at Lansing, Mich., on November 17.

Although the Lansing Association has less than 75 members the meeting drew 700 credit and other executives from all parts of the State.

The Credit Man

By DOUGLAS MALLOCH

Written for the Detroit Association of Credit Men

To be a credit man is not
So difficult a task—
It merely means to answer what
Most anyone may ask
Concerning anybody who's
In business anywhere
Who any article may choose
To purchase here and there.

He has to know the good and bad,
The honest but the slow,
What credit they've already had,
How far we ought to go;
The little fellow who is rich,
The big one who is poor—
He has to know whom, what and which
The slow, the slow but sure.

He has to see we never sell
To those who never pay,
And still be careful, just as well,
To turn no trade away;
He has to see we never ship
To someone who may fail,
Yet on the business hold our grip
And never miss a sale.

To be a credit man, my friend,
A credit to the firm,
The honest you must not offend,
But make the others squirm.
You need some simple qualities
If credits you would scan—
Yet all you need to have are these
To be a credit man:

The judgment of a Jupiter,
The patience of a saint;
The mind of a philosopher
In hearing some complaint,
Ability to prophesy
And mortal minds to read—
In fact, a credit man to be
All these are all you need.



THE FALLEN MAN TOTTERED IN THE FACE OF HIS DISCLOSURE; AND THEN, SWOONING, HE CRUMPLED IN MR. BROWN'S DESK CHAIR

The Store Closed Over Night

By Marshall D. Beuick

IN the routine of browsing the morning mail there is ordinarily no thrill or surprise in finding a letter that has been returned by the post office and marked "Moved. Left no forwarding address." But there was a startled expression on Edgar Jackson's face one Tuesday morning when he picked up just such an envelope.

"Heh, Charlie!" Jackson called to the office boy, who had just come into the president's office with some second class mail. "Tell Mr. Roberts to come in here right away and tell the switchboard girl to get me Henry Smith & Company on the 'phone."

Roberts, the Credit Manager, swung into Jackson's office just as the 'phone tinkled.

"Just a minute. Take a seat, 'till I answer this 'phone. . . . Hello! . . . No answer, eh? . . . Roberts, this is blamed strange. Here's a letter returned from Henry Smith & Company and now I just tried to get them on the 'phone. They don't answer, and that's funny for the store not to answer at nearly nine-fifteen in the morning."

"Well, Mr. Jackson, it looks so strange to me that I believe I better run down there and see what it all means. But I'll try once more to get them on the 'phone.

"I wish you would, Roberts. Funny. You never had trouble with this fellow before, did you?"

"Never," Roberts replied, promptly. "Why, the fellow always paid on time. In fact, he very often discounted his bills."

* * * *

Henry Smith was full of activity one Saturday night as he hurried around his automobile tire store directing a couple of men in the proper packing of small articles which they stowed away in a number of cases at the rear of the store. James Phillips, who ran the men's furnishing store next door, stopped in front of Smith's window as he observed this unusual activity, and then entered with a quizzical look.

"Say, Smith," Phillips began, jokingly, "what you doin', gettin' the Christmas packing done early?"

"No, Phillips," Smith answered, in a slightly annoyed and nervous voice, "I'm mixed up with my wife. She's suing me. She's goin' to take some kind of action and I've got to clear this stock out of here before she can tie it up. Keep it to yourself, mind. If anyone else says anything to you about it, say I'm taking inventory. Understand? Say nothing."

"Well, you may bet I'm sorry to learn about any domestic mix up," Phillips murmured with sympathetic concern. "But, Smith, I didn't know you were married. Fact is, I never thought about it and believed you must be single on account of that girl out in Detroit I heard you tell some of your friends about."

"Oh, yes; well, she's a relative. That is, she's a cousin. A distant cousin, you know. But, Phillips, you won't say anything about my family troubles to anyone, will you? Some people may misunderstand, and then if anyone should tell my wife before she gets back from Springfield, I'd never be able to move this stock out. When I locate somewhere I'll write to you. When I'm gone you tell people that I had personal matters to attend to and left town."

Nodding his assurance and feeling disappointed by the prospects of the departure of a good store neighbor who was not a competitor, Phillips strode from the store.

Smith worked steadily through Sunday arranging cases so that by nightfall much of his stock was ready for loading on a truck. Before sunrise the last case had been heaved up on a motor truck. Smith, after cautiously locking the back door, turned down the back alley and wandered toward the setting sun, weary, yet satisfied with the fact that he had moved away the greater part of the stock in his store before daybreak should come.

Tuesday morning Roberts, Jackson's Credit Manager, came to Smith's store. One look inside made him almost stagger with surprise. He saw within just a few articles on the shelves and some second-hand tires in the tire rack. Roberts' concern had not sold very much to Smith, but what they had sold was apparently gone. They had delivered to Smith automatic windshield wipers for rainy days. A case of them represented a substantial sum of money. Such a case could be moved with little cost considering the value of the contents. Roberts realized the meaning of the almost vacant store into which he was staring, and wondered what Jackson would think of him as a credit manager when the story should be told. He stirred out of his brooding as he noticed Phillips coming from the store next door.

"Hello!" Phillips greeted Roberts. "Are you lookin' for Smith?"

"I was," Roberts tried to smile, "but I guess I'll have to look a long ways off before I see him again."

"Yes, sir; I guess you're dead right. He blew out of here, tellin' me that his wife was going to sue him and he was afraid she'd attach his store. But last night I found out he never had a wife at all."

"Indeed" Roberts mumbled as his thoughts took a jump. "Do you know much about this fellow?"

"Not very much. He wasn't the kind who told you very much about himself. He had some friends, though, who may know something about him. Let's see, there's Fogel, who runs the clothing store down on Lincoln Place, and then there's Fish, who has a small dry-goods store at Fifth and Washington. Maybe they will tell you something."

"Thanks very much," Roberts said over his shoulder, as he hastened unceremoniously away toward the street car that was clattering down the avenue.

Smith had certainly disappeared, and had covered his tracks well. Roberts was disgruntled, but he pulled himself together to

(Continued on page 24)



THE CREDOSCOPE

J. V. Tregoe

Knowing the Problems of Your Customer

The problems of industry are very gripping. The problems of the middle man have become very intensive, but the problems of the retail merchant, whilst lacking in the breadth of the problems of production and wholesaling, yet are very keen; and the failure to appreciate and to handle them successfully is the reason why mortality among retail enterprises runs so high.

The turnover, (if we may apply the term), in retail enterprises indicates clearly that the problems of the retailer are so serious that to meet them properly should not be left to the retail merchant alone.

May I ask of the commercial credit manager: When opening an account, have you taken the time to ascertain what the problems are of the buyer whom you have placed upon your books? Are you trusting entirely to chance for the liquidation of the debt? Is it not possible that circumstances of a very difficult nature surround the life of the business you have trusted and that may place its credit in great peril?

A suggestion in the line of adding to the tasks of the Credit Department may not be popular; but if we are to do our work in a scientific way and to give it a professional aspect, then necessary things must be looked after. We cannot operate on chance alone. Communities where our merchandise is going should in some way be surveyed in order to ascertain the consumption

possibilities of the goods we are selling and to learn the sources of income upon which the community can count. In particular lines, irrespective of community questions, there are particular problems. The surroundings of those we sell, tending either to success or failure, should be ferreted out; and in most cases the interest of a credit department in the customers of its house will not be regarded as an intrusion.

No one will deny that we have in our country a great number of unnecessary failures. They are caused not alone by defects in a debtor, but by the neglect of creditors. There is a mutuality of responsibility and, while this persists, the Credit Manager should do his level best to decrease the avoidable waste. In no direction is there greater promise of accomplishing this than knowing a debtor's problems.

The whole business atmosphere is constantly charged with problems and those of the retail merchant, let us affirm again, are exceedingly difficult.

* * *

Intelligence and Genius

Men of genius have usually commanded our admiration, but genius is usually an inherited faculty and does not represent the perseverance and well-regulated effort from which intelligence springs.

We often find men of genius to be uncertain in their methods, undependable in emergencies. Genius is, indeed, a wonderful possession, but

the thoughtful man, if asked to choose between genius and intelligence, would undoubtedly select the latter.

It seems to me in the complexities of present-day commerce that domestic and international trade movements challenge the best skill to fathom and control. When credit is so often confused with capital, when there are serious misuses of credit, we need chiefly intelligence and not genius for the control of business activity.

The rapidity of business movements creates a friction the reduction of which needs great keenness and intelligence. So often observers confuse industrial activity with prosperity, when the underpinnings of the business structure at the time are growing weak. Activities in certain lines of production are applauded because of their magnitude and not because of their fitting into the real needs of people.

Separating the sound and unsound features of a business situation is like separating the sheep from the goats, and calls for a divine skill that only the highest degree of intelligence, and not alone genius, can supply. Formulas for prognosticating the future are worked out by economists; but so long as business is a human institution, there can be no positive certainty as to what will happen. The intelligent observer therefore takes these uncertainties into his calculation and reaches his conclusions upon a critical separation of the sound and unsound fea-

tures,—an operation which to so many is like unto a closed door.

Intelligence is the result of training, that is the right kind of training,—and training is the result of one's own effort. There is plenty of room in the business field for observation and control based on intelligence.

* * *

Credit Scrutiny Detects When Deterioration Begins

Every now and then we are surprised by the failure of some concern which has gone along for years with apparent success. There was no apprehension of its deterioration. The question arises, just when did the deterioration begin? There must have been some period in the life of the enterprise when success became impossible and there was nothing ahead eventually but collapse.

Deterioration in a business enterprise results, just as in the human body, from violation of natural laws. Business, as I have frequently pointed out, is not automatic. It is a human instrument and is subject to human control. The laws of success in business are very simple but difficult to observe, and all too frequently the difficulty of observing them is lost sight of because of their very simplicity.

Without adequate profits a business cannot survive. Every rule that applies to the making of profits must be obeyed or else deterioration sets in. A proper turnover of merchandise and receivables constitutes largely the hinge on which profits swing. No matter how reputable a concern may be, if these features are not as they should be, then the basis of success is impaired and there may come deterioration that may cause the whole structure to collapse.

Credit scrutiny is too often directed upon the order in hand rather than upon the circumstances which, after all, are the guarantee of its safety. Surface appearances frequently deceive. Close scrutiny alone will discover whether or not the rules of

profit-making are being lived up to, whether there is soundness or deterioration in the business; and it is possible in many instances to prevent entire collapse by discovering and correcting deterioration before it has proceeded to an incurable stage.

Let us keep our credit conscience aroused. Let us develop our skill in detecting whether the rosiness of an enterprise is only a hectic flush or the sign of a sound constitution.

* * *

French Settlement Purely A Case of Credit

There is no question of greater significance and of greater interest to workers in the field of credit than the French question. It makes no difference in the uses of credit how large or small the debtor may be, and the situation in France all revolves around the uses of credit.

One cannot continue to spend more than he receives without creating a debt that will eventually overwhelm him. This is so whether the debtor is an individual, a company or a nation's government. France has been juggling its budgets, forcing them to balance, when the economic observer knew well enough they were out of balance. The deficits each year have been met by domestic loans and the borrowing of notes from the Bank of France oftentimes to a point exceeding the limit of note issue established by law.

Once a creditor nation, France has now become a debtor nation. It owes abroad about 120 billion paper francs and its domestic indebtedness has reached a peak of 286 billion paper francs. Her debt is about 67 per cent of her wealth. The metallic reserve in the Bank of France went down gradually after 1914 until a year ago it stood at about 9½ per cent.

On the whole the income of France from the taxes of the people has been a larger proportion of the nation's income than was the case in

Great Britain. It is very much larger than the proportionate part of our national income from taxes. Some French industries are showing considerable vigor. France has had of late a favorable international trade balance, but with a deficit in her budget each year and a metallic reserve constantly declining, there is no reason, as the credit observer sees it, why the franc should not decline, placing France in a perilous position. With Morocco and Syria on her hands, the conditions are further aggravated, and the situation may as well be regarded as that of any debtor. We have a real interest in France's financial recovery, because it is necessary to world stability. To obtain that recovery we should be willing, in fact, we shall be obliged to make sacrifices. We cannot afford to be a hard creditor in a situation like this. We must not be when considering the payment of France's debt to us. We must help her to recover a credit equilibrium and this we cannot do by wielding the big stick or exacting difficult conditions.

I realize more than ever what France's stability means to the world and particularly to us. I would offer as my sincere opinion that in order to keep the franc at a proper point and to help France establish a credit equilibrium, she must have

First, a sound government; second, the most cordial co-operation; and third, a moratorium of at least ten years.

Since visiting France last summer, I have become a sincere sympathizer in her misfortunes, and I recognize that a substantial, broad and practical policy must be offered in her present extremities. I have read criticisms of the debt funding commission, and the failure of its mission. I have read editorials that would give the impression we should treat France as a school teacher treats a pupil. These ideas, in my judgment, are far from the point. We can afford to do nothing but recognize the credit situation as it exists and to treat this situation as any creditor would who wants to save himself and to help the other fellow.

I Use Adjustment Bureaus

Actual Cases that Typify the Service Provided

By Charles Strull

Shapinsky & Co., Louisville

AS A USER of the service rendered by Adjustment Bureaus, I have been asked to tell why I am so enthusiastic about the service. The most convincing answer I can make is a description of several cases that I know all about at first hand.

If you,—fellow member of the National Association of Credit Men,—are a non-user and a possible user, run through the following and tell me if you don't think my enthusiasm is justified:

Avoiding All-Round Disaster

This involved a neighborhood suburban store. The debtor owed about \$3,000, nearly all past due, the only assets consisted of the stock of merchandise estimated to be worth about \$4,000 at wholesale prices. There were sixteen local creditors whose claims ranged in sums up to \$600.

Two claims had already reached the hands of an attorney, a member of the local bankruptcy ring. He had the hardihood to solicit the claim of my company and asserted that from his investigation he believed that the debtor was concealing assets preparatory to filing a voluntary petition in bankruptcy, and that the best thing for creditors would therefore be to let him (the attorney) file an involuntary petition in bankruptcy and beat the debtor to it. The case was immediately referred to the Adjustment Bureau, which resulted in the calling of a meeting of all the local creditors at which the debtor and his attorney were present.

In less than forty-five minutes the creditors had unanimously agreed to grant the embarrassed debtor an extension and to permit him to make periodic payments to the Adjustment Bureau to be distributed ratably among all creditors. The examination of the debtor conclusively proved that he was honest, that his wife was running the business with very small overhead while he was employed elsewhere, and that if given time he would pay 100 cents on the dollar.

Since then the debtor has kept up his payments regularly; and over 50 per cent of all claims have already been paid to creditors with reasonable assurance that the remainder will be paid in full. But for the intercession of the Adjustment Bureau, the debtor would probably have been thrown into bankruptcy with disastrous results to everyone.

Two Minors

In this case two young men, ages 18 and 20 (minors), were compelled to suspend business because of a fire which partly destroyed their stock of goods. When one of the creditors realized that the proprietors were not legally liable for their debts, the aid of the Adjustment Bureau was sought in effecting a settlement. Luckily, the insurance companies had not yet paid over the money for the loss.

A joint meeting of the nineteen creditors and the young proprietors was called at



SAMUEL T. SCHNEIDER

MR. SCHNEIDER became Manager of the Adjustment Bureau and Secretary of the Louisville Credit Men's Association on January 1, and has established himself fully in the confidence of credit executives in Louisville and elsewhere.

J. H. Scales of the Belknap Hardware & Mfg. Co., said: "It was not easy for me to let Sam Schneider go, whom I had transferred to our credit department seventeen years ago. His work was certainly exceptional. I never sent him out to make an adjustment without feeling that his effort would be successful. He can see through more complicated cases than any man I have come in contact with. He can think quickly and act effectively and, best of all, he seldom leaves a sore spot. I am glad that he is in a position where he can serve the credit men at large, and I am not at all surprised to hear of his success since he took hold of the Bureau."

H. Guy Lyon, Robinson-Pettet Co., Louisville, writes: "The growth of the Association, the many improvements that have been made in the interchange service, the increase in amount of business received by the Adjustment Bureau and the expressions of general satisfaction with which it is being handled bear testimony to the fact that the right man was selected."

once in the office of the Association, which resulted in a friendly assignment to the Adjustment Bureau for the benefit of all creditors. The claims against the insurance companies were transferred to the Adjustment Bureau which also took custody of the stock of goods which were sold at a fair price in a competitive sale under the direction of the Bureau manager.

Under the laws of Indiana, where the business was located, the owners were en-

titled to \$600 exemption which they agreed to waive for the benefit of their creditors. The assets paid 57½ per cent. to all creditors and the business was wound up in a very short time. There is no doubt whatever that but for the Adjustment Bureau, creditors might have received very little or nothing.

Debtor Tided Over

A mail order house became involved because of a substantial diminution in sales during the summer months. The nature of this particular business is such that 80 per cent. of its sales are made during the months of October, November, and December.

The major portion of its assets consisted of a mailing list of 250,000 names and of 35,000 customers' names, of catalogues, with only \$2200 of merchandise on hand, while the liabilities, nearly all of which were past due, totaled \$3,700. One of the largest creditors with a claim of \$700 had attached the assets when the case came to the notice of the Adjustment Bureau.

At a meeting of creditors, it was decided that the best interest of all would be served by granting an extension of time to the debtors and permitting them to operate their business through the fall months under the supervision of the Adjustment Bureau. An investigation disclosed the fact that the proprietors were honest, that their sales were all for cash, and that they would have no difficulty in getting new merchandise to fill orders which they received through the mails.

It was found necessary to attack an attachment in court through the aid of the counsel for the Adjustment Bureau. After hearing the evidence, the court reached the same conclusion as the majority of creditors and dismissed the writ of attachment which if permitted to stand would have been prejudicial to the interest of the remaining creditors.

The business is still being continued in accordance with the arrangement reached at the meeting, under the supervision of the manager of the Adjustment Bureau. From present indications it is very likely that the debtors will pay a substantial part of the claims this fall. It is an absolute certainty that if the attachment had not been dismissed, a petition in bankruptcy would have been filed and the cost of administration would have consumed the entire cash value of the assets. It was felt by all the creditors that little or nothing could have been realized from the mailing lists which cost the debtors the substantial sum of \$8,000 and are said to be fully worth it to the going business.

The few cases just cited are sufficiently varied to indicate that the Adjustment Bureau is an admirable medium through which to administer the affairs of embarrassed or insolvent debtors. The credit men should look upon the bureaus both as first and last aids in matters of this sort. However careful the credit man

(Continued on page 26)

Grandchildren of the Abacus

Modern Calculating Machines that Are Superhuman

By Eleanor Boykin

HAVE you ever gone into a Chinese laundry, paid your bill for the package of shirts and collars which the Oriental gave you, then watched him turn to what looked like a kindergarten toy, click a few wooden marbles strung on wires and come back to you with the correct change? It is like a moment's visit to antiquity, this glimpse of the use of the world's oldest calculating device, the abacus.

Aeons ago, this instrument, ancestor of the calculating machines of today, gave the Chinese their reputation as the most expert reckoners. The abacus is nothing more than a table divided into two compartments, through which pass iron wires on which are strung, in one compartment, five, and, in the other, two movable balls. The principle employed is similar to that of the abacus of the Romans. A book on the "Dress and Manners of the Chinese," published in London in 1814 had this to say with reference to the calculating methods of the Chinese: "It has been observed that in weighing several thousand chests of tea, or bales of goods, at Canton, the Chinese accountant can invariably name the sum total long before the European can cast up his account."

This, however, is not to say that the quaint Oriental computer could stand such a test with the more elaborate figuring machines—the grandchildren of the abacus—which help to speed up business in modern times. Certainly no machines were ever before able to perform so many operations at such a high rate of speed and with as unvarying a degree of accuracy. There will doubtless be other improvements made that will still further minimize calculating effort and dangers, but the principal question now for every office executive concerned with accounting problems is, "Have I properly organized the figuring work in my office?"

Volume production at minimum cost and time is demanded of the factory, and the challenge is being met in all successful plants. But the office has been slower to make the necessary adjustments in organization and method to conform to the present age of competition and specializa-

tion. This may be because office control is not sufficiently unified; it may be because the clerical end of the business is regarded (erroneously) as unproductive anyway, and therefore not worthy of minute study and supervision. At any rate, "expert" has not the same meaning in office that it has in factory.

Let us think a moment of the kinds of arithmetical work required in an office.

work that, in accuracy, and especially in speed, are superhuman.

There are many occasions when the straight adding and listing machine is the one best fitted to do work that is needed; facilities for any other operations are superfluous. In certain departments of banks, in shipping departments of manufacturing companies, in statistical departments of various concerns and so on, figures must be listed as well as added, so that there will be something to check from.

Most adding machines now can do more than add, for there is incorporated a direct subtraction figure. This gives them more flexibility, and in many cases they may be used for making out statements where details are not needed. This, however, calls for a slightly different keyboard or, at least, a dating device.

Adding machines may, of course, be used for multiplying, but this is not work for which they are primarily intended, and no one should buy an adding machine with the idea of using it constantly for making extensions or computing interest.

All except two of the adding machines now on the market have the standard columnar keyboard to which we are accustomed. The two odd ones have ten keys only (though each in a different arrangement), the figures automatically falling into the right columns. Otherwise, there is not a great deal of fundamental difference between recognized makes. Portable machines are made by all manufacturers, some weigh as little as twenty-six pounds, few any more than a typewriter, and one is almost small enough to go into a pocket. Those who are responsible for the conduct of offices appreciate the advantage of being able to move an appliance easily from one desk to another.

Right-Hand Operation

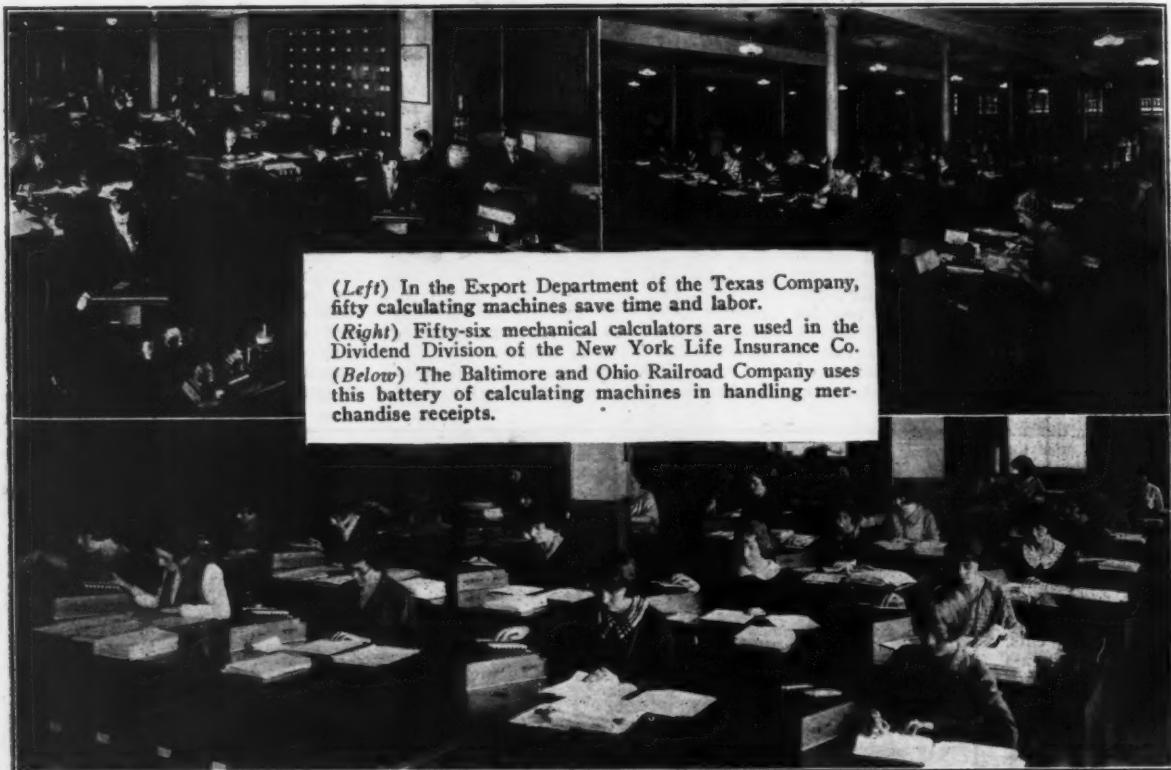
The trend in the mechanical design of the adding machine is toward entire right-hand operation, which leaves the left hand free to turn sheets and keep the place, if this is necessary. This is a feature of several machines. Another feature



THE ABACUS AS USED IN CHINA

In the vast majority of them, the work will be divided about like this: Addition, 50 per cent; multiplication, 40 per cent; subtraction, 5 per cent, and division, 5 per cent. In providing office equipment for the fastest results, this proportion of requirements must be taken into consideration, unless the routine is normal. But the most common uses of figures in manufacturing or wholesale businesses are sales extensions, the ledger, cash book for receipts and for disbursements, inbound invoices, outbound invoices, payroll, adding checks, and the figuring of costs.

The types of machines most used in connection with these operations are: (1) Listing and Adding Machines, (2) Book-keeping Machines, (3) Billing Machines, (4) Crank Type of Calculating Machines, and (5) Key Driven Calculating Machines. All of them are capable of



(Left) In the Export Department of the Texas Company, fifty calculating machines save time and labor.

(Right) Fifty-six mechanical calculators are used in the Dividend Division of the New York Life Insurance Co.

(Below) The Baltimore and Ohio Railroad Company uses this battery of calculating machines in handling merchandise receipts.

which is often very desirable is that of recapitulation. Some machines will hold in the register all sub-totals, allowing a grand total to be made of the day's listings.

There is some diversity of opinion about an electric drive for adding machines. Many argue that little is to be gained by it, since, in any event, the motor cannot supply power for all the operations of the machine. The purchasing agent of a large insurance company which uses many adding machines says that he has them equipped with motors merely because of the satisfaction this gives the operators. "A girl pulling the handle of a machine all day," he says, "gets tired of the movement and is inclined to go home in a rather disgruntled mood. When she only presses a bar, it is easier for her and she is more contented. That is why we consider the motors worth their cost."

The places of book-keeping and billing machines in an office have already been discussed in the October CREDIT MONTHLY article, and the work which they should do in a well organized office does not need further elaboration here.

When we come to calculating machines we must stop a moment to consider the two species already spoken of—the first kind with two or three dials where the figures register, though no operation takes place until the crank is turned or (if electrically equipped) the bar is pressed. These machines are highly automatic, and, for division, are faster than any others, in spite of shifts that must be made. Division on any machine is easier done than said. The beauty of all the operations on calculators is that, like the problem Lewis Carroll posed in one of his nonsense rhymes, "the answer must be absolutely and perfectly true."

Although on the standard machines, fractions to be handled must be reduced to decimals (a card is supplied showing

decimal equivalents of all common fractions), there are some models which will handle direct addition and subtraction of fractions in eighths, twelfths, twentieths, sixtieths—and also tons and hundred-weight.

The latest model of another make is equipped with automatic repeaters, which make multiplication almost solely a matter of touching a key. This is of course on a motorized machine. For constant, all day work, the larger companies usually prefer having the motor attachment.

The simplest calculating machines from the standpoint of levers and outside paraphernalia are those spoken of as key-driven, because the pressure of a key automatically produces a change in the figures registered in the machine. The only use of a crank is to clear the machine. All operations take place through the principle of addition, subtraction and division being performed by means of reciprocal numbers. The machines are light, quiet, hand-operated, and simplified as far as possible.

Like all calculating machines, they have signals to indicate a cleared machine, but one of them has a most interesting inaccuracy-proof feature in an automatic keylock. Give a key only a partial stroke so that it does not register, and immediately every key on the board but that one locks, so that you can detect at once that a mistake has been made, and where it was. There could scarcely be anything cleverer in mechanical inventiveness applied to office equipment.

Catch a glimpse of a man at his desk operating one of these small machines, and you may think he is practicing to steal Paderewski's laurels, watching the movements of his hands as they run arpeggios across the keyboard. Indeed, there is many a virtuoso in figures who performs daily marvels on these calculating machines without asking or receiving any fanfare of trumpets.

Business is leaning heavily on machines which make short shift of the routine processes which the brain performs slowly and often inaccurately; and perhaps those businesses are getting more out of these machines than have thoroughly organized their figuring work so that it is segregated and done by those who are trained in the use of the machine and are expert in combining brain and keyboard.

N. A. C. M. Books Audited

L. H. Conant, C. P. A., of L. H. Conant & Co., New York, reports under date of October 21, 1925, to the National Association of Credit Men as follows:

WE CERTIFY that we have audited the books of account and records of your Association for the fiscal period of twelve months ended May 31, 1925, for the purpose of verifying the statement of receipts and disbursements of the general fund of the Association submitted by the Treasurer at its thirtieth annual convention: and that this statement is in agreement with the books of the Association.

WE FURTHER CERTIFY that the balances of general fund reported to be in banks at June 1, 1925, amounting to \$2,998.72 and \$7,801.60 respectively, were verified with the bank statements: and that the Liberty Loan bonds and other securities amounting to \$41,700.00 reported as being on hand, were verified by personal inspection and count.

Stealing to Pay His Debts

"I HEAH tell' bout a man whut stealin' money ful to pay up he debts. Mah goodness! He mus' owed one dem 'stallments collectuhs!!!"

This is one of Hambone's Meditations by J. P. Alley, copyright, 1925, by The Bell Syndicate, Inc.

Burroughs



Do You Want Bigger Profits in 1926?

Let us show you how thousands in every line of business will make more money in 1926 by using the Burroughs Simplified Accounting Plan.

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DETROIT, MICHIGAN

Burroughs Adding Machine Company,
6451 Second Blvd., Detroit, Mich.

Please show me how the Burroughs Simplified Accounting Plan will help me make more money in 1926.

Name _____

Business _____

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ADDING · BOOKKEEPING · CALCULATING · AND · BILLING · MACHINES

The Store Closed Over Night

(Continued from page 17)

face Jackson and announce that Smith had defrauded the company and a dozen other concerns besides.

"Well, what are we going to do?" Jackson asked, somewhat appeased by the fact that several large tire manufacturers had fallen for the same fake scheme. When Roberts finished the tale of Smith and his get-away.

"The best thing to do is to turn this case over to the National Association of Credit Men, of which we are members, you know," Roberts advised.

"What can they do?" Jackson demanded.

"They can't try the fellow," Roberts smiled, "but they can run him down and gather evidence that may mean his conviction."

"How much will that cost?" Jackson inquired.

"That is uncertain. But if the other creditors are members of the association, the cost will be split and each will have much less to pay. Then there's this new Credit Protection Fund the association has for just such cases as this."

"Oh, yes; I have been meaning to subscribe to that fund. That's just the sort of thing that can help us," Jackson continued. "Well, we better let the association handle the case, and anyhow I'll see to it that we send a check right away to the association for its fund."

Phillips was sitting in the rear of his store one afternoon when he was aroused from his newspaper by the entrance of a customer. The customer was in no hurry and after a little general conversation, remarked about the vacant store next door. He drew Phillips out while he gave no indication of doing anything more than look at neckwear.

"I believe that fellow Smith was crooked," Phillips finally announced, "but of course it's dangerous to say that, I suppose, on little or no evidence to support it."

"What makes you think he was crooked?" the customer asked.

"Just one reason. He said he had to clear out his store because he was afraid his wife would attach his goods. Now, I know positively he never had a wife. Besides the girl he corresponded with in Detroit was not his cousin. I think she was a girl he wanted to marry, but he didn't have enough to satisfy her classy taste. So he cleaned out his store, and sold the stock and skipped. I'll bet he's with that girl now."

The customer gleefully bought a tie, whistled a quiet tune and walked leisurely from the shop.

An investigator of the National Association of Credit Men a few days later sat in the Detroit Post Office with a Post Office inspector. The investigator wore a bright, new tie. He had come on from Decatur, where he had bought his flashy neckpiece in a haberdasher's shop next to the vacant store that once had been Smith's.

"You see," the investigator told the inspector, "this man Smith's friends wouldn't say anything much until I told them I had a message for the girl in Detroit from Smith and that I had to have her address to relay the message to her. I told them Smith was afraid to write to her; and one of them thought he was helping Smith by giving me the girl's name and the street she lived on, although he couldn't recall the house number, if he ever knew it."

"Then this will be easy," the inspector announced. "We can trace her in no time. Right off I'll tell our boys to watch for all mail addressed to her. Leave it to me. I'll call you up in a half hour and give you the girl's exact address."

The solution was not so simple. The girl was found, but there was no Smith lurking in the offing as the ardent lover. Letters coming from New York, however, indicated a clue. There was an unverified report that Smith had a brother in New York and that the Smith who was sought might be in hiding. The investigator therefore wired his suspicions to the national headquarters of the credit association.

Although the trail became warm in New York, the investigator in the east found that his quarry had slipped away. The Detroit end of the chain was picked up again but with no link that would lead to the wily Smith. The creditors were becoming anxious. Although most of the assets had been recovered and delivered to their rightful owners, the creditors wanted to obtain a conviction, not so much as a personal punishment as for the deterrent moral effect that would notify commercial crooks and would-be crooks everywhere, that the business world would not tolerate criminal or any other kind of fraud.

Months slipped by. Smith was as one dead. The investigators, however, had not given up hopes entirely. They were waiting for that one chance—the great likelihood that the male would seek out his female

IRVING BANK-COLUMBIA TRUST COMPANY

New York

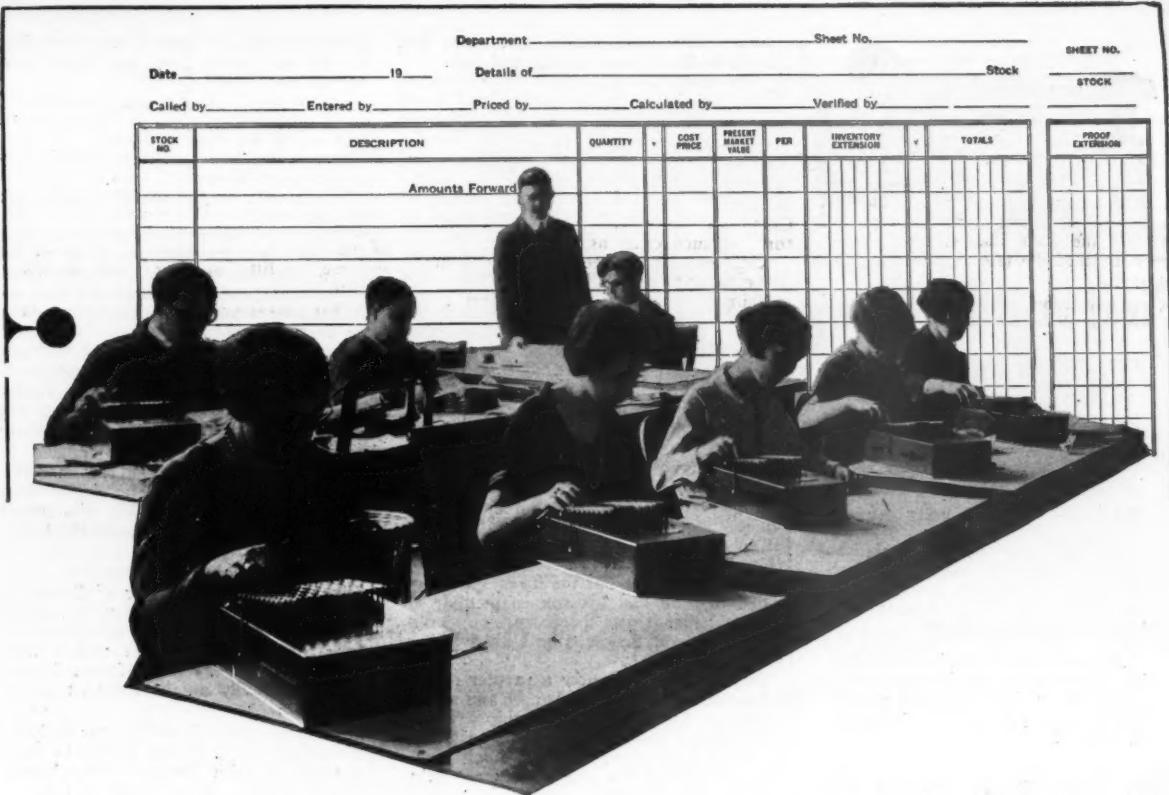
Statement of Condition, September 30, 1925

RESOURCES

Cash in Vault and with Federal Reserve Bank	\$45,208,737.65
Exchanges for Clearing House and due from other Banks	79,551,662.04
Call Loans, Commercial Paper and Loans eligible for Re-discount with Federal Reserve Bank	97,715,291.69
United States Obligations	22,247,818.98
Short Term Securities	32,833,639.64
Loans due on demand and within 30 days	58,069,315.54
Loans due 30 to 90 days	42,462,753.36
Loans due 90 to 180 days	35,838,979.72
Loans due after 180 days	1,585,383.06
Customers' Liability for Acceptances (anticipated \$1,834,683.50)	18,593,877.97
New York City Mortgages and Other Investments	6,722,373.29
Bank Buildings	973,495.68
	<u>\$441,803,328.62</u>

LIABILITIES

Deposits	\$351,342,591.99
Official Checks	36,054,571.58
Acceptances (including Acceptances to Create Dollar Exchange)	20,428,561.49
Discount Collected but not Earned	893,900.16
Reserve for Taxes, Interest, etc.	1,802,091.28
Dividend payable October 1, 1925	612,500.00
Capital Stock	17,500,000.00
Surplus and Undivided Profits	13,169,112.12
	<u>\$441,803,328.62</u>



The machine that stands the Inventory Test

—will make good on ALL your figure work

AS INVENTORY TIME approaches, the figuring end of the job looms big—and the closer it comes the bigger it looms.

How big and troublesome it is, will depend on whether or not you have the right machine for the job.

To assure low cost production on Inventory, a machine must be rapid and accurate on every form of calculation—especially Adding and Multiplying, which constitute about 94% of all figure work.

The only sure way of finding out if a machine measures up to that standard is to try it out on your own work.

Let a Comptometer man come in and make such a test in your office. Invite him to bring his machine and figure a few pages of your last Inventory without cost or commitment on your part. Time the work and check the results for accuracy and you will then know which machine to buy. Extend the same invitation to others, if you choose, and make it competitive.

You can be sure that the machine which stands the Inventory test, by the same token, will provide the quickest, easiest and surest means of handling all the other figure work in your office.

Look in your phone book or write us for further information.

FELT & TARRANT MFG. CO., 1717 N. PAULINA ST., CHICAGO, ILLINOIS

*If not made by
Felt & Tarrant
it's not a
Comptometer.*

CONTROLLED KEY
Comptometer
U.S. TRADE MARK
ADDING AND CALCULATING MACHINE

*Only the
Comptometer
has the
Controlled-key
safeguard*



First Aid to Filing

THE remedy for mislaid papers, files weighted with pins and clips, lost sheets of important documents, frayed tempers and wasted time is—a Hotchkiss Paper Fastener on every desk in your office.

For over thirty years Hotchkiss Machines and Hotchkiss Staples have been giving first aid to business—the one sure means of keeping papers together.

At your stationer's is a Hotchkiss Fastener for every office need. Equip every desk now and you'll wonder how you ever did without Hotchkiss.

The Hotchkiss Sales Co.

Norwalk

Conn.

mate. The unsuspecting girl, who had faith in Smith, was the natural bait.

Weddings are not often the concern of the investigator in his scurry and hurry through the shadowy byways of commerce. But if you should see an innocent item in a three-day old newspaper that Miss Clemantine Brown, formerly of Niles, Michigan, had married Mr. Henry Smith, of New York, and if besides you were an investigator for the credit association, you would sing a chant of praise for the editor of the Niles, Michigan, newspaper that happened to publish such an item.

But there are many Henry Smiths in the United States. However, an investigator left Chicago to compare the color of one Henry Smith's hair with that of another Henry Smith.

The Henry Smith who had just been married was found in Brown's dry-goods store. Miss Brown, the girl who was known to have carried on a correspondence with Smith, was there also. She was wearing a wedding ring and an engagement ring. The identification supplied from Decatur did not tally exactly with this particular Smith's complexion and other peculiarities, but the investigator decided that he had his fox in the lair at last, and that it was therefore time to obtain a warrant through the United States attorney.

Henry Smith was now a partner of his father-in-law. He was debonair and swaggering in his new proprietorship. There was nothing about Smith to suggest that he might have engaged in any illicit practice in business. He was what you might call breezy. Nothing apparently ruffled him. He had a front and a manner; and his wife adored all these mannerisms.

Smith was swaggering around the enclosure in the rear of the store where Mr.

Brown's desk was located near a window. It was near noon time, and there were few persons in the store.

"What can I do for you, gentlemen?" Smith smiled graciously, as two customers approached the office railing.

One of the two men looked up in surprise and exclaimed:

"Well, well, so you are Mr. Smith, the new partner."

"Yes; I just came into the firm a short time ago. Are you salesmen from out of town? Mr. Brown probably knows you."

"No, we're not," the heavier-set man replied as he swung open the gate. "We are here on other business. In fact, I might say we're both surprised to learn that you didn't take the precaution to change your name in some form before you came here—Henry Smith, you are under arrest. I'm a United States marshal."

Smith swayed. His head swam. His wife rushed forward. The fallen man tottered in the face of his disclosure; and then, swooning, he crumpled in Mr. Brown's desk chair.

* * *

Charles Brown, proprietor of Brown & Smith Dry Goods Company, waited in the dining room with his daughter for news from Decatur. There was a trial taking place there. Their future happiness hung heavily on the verdict and the sentence.

A telegram came from Decatur early in the evening. Mrs. Smith, unable to open the envelope with her trembling hands, thrust the message at her father to read.

"This is hard, daughter. The telegram says: 'Your husband was sentenced to one year in the State Penitentiary and was fined three thousand dollars.'"

There intervened a spell of silence; then Mr. Brown spoke:

"It is true, then. I was afraid. I'll pay the fine for your sake; then let him go his way. I hope it will be a straight way. But then some men never understand that if they can't go straight they are sure to lose out."

I Use Adjustment Bureaus

(Continued from page 20)

may be in his endeavor to put only collectible receivables on the books of his firm, he soon discovers that they are not all convertible into cash through his own unaided efforts. At such times the Adjustment Bureau is at his beck and call, ready to come to his assistance.

What is needed, perhaps, is an educational campaign to acquaint the credit departments of wholesale and manufacturing concerns with the work and possibilities of the Bureaus, their capacity to render efficient personal service in adjusting accounts, and their ability to handle matters near and far by calling upon the Adjustment Bureaus of other cities to co-operate when the debtor is situated in a zone nearer to those places.

I earnestly believe that the bureaus should solicit claims just as other collection agencies do, because through solicitation an opportunity is provided to familiarize the would-be client with their work and aims. It is reasonably certain that more publicity and advertising will bring many more customers, which should appreciably strengthen the capacity of the bureaus and widen their chances for effective service.

Nationalize Your Credits

Credit Insurance

A NATIONAL POLICY OF CREDIT INSURANCE is the most useful instrument which a manufacturer or wholesaler can place at the disposal of a credit man because it

Gives the credit man a definite standard to work by.

Guarantees the mercantile agency service which the credit man employs.

Enables the credit man to concentrate his effort upon reducing normal losses.

This service of a National Policy of Credit Insurance depends upon the pledge of the World's Largest Surety Company to prevent, else pay, all bad debt losses in excess of normal.

Ask for Details of Our Credit Insurance Policies

National Surety Company

W. B. JOYCE, Chairman

E. A. ST. JOHN, President

E. M. TREAT, Vice President

115 Broadway, New York

Agencies in All Principal Cities

Buried Alive

(Continued from page 11)

Nor is it flattery when I say that none of the credit managers in our local association have a finer brain or a bigger heart to solve the many credit problems by methods and means fitting to our profession. And yet here you sit day after day doing the work of the underling, doing what others might do better because smaller men fret less under routine. Not only day after day, but nights, too; Sundays, holidays. The job, Mr. Merriweather, bosses you. I have never seen you boss the job.

"I see, today, it's the antiquated tickler system that keeps you from the folks at home. Why is it that you must paw over each petty account. The routine follow-up collection letter system, bad as it is, is a mere detail any eighteen dollar a week clerk could accomplish in a morning a month.

"You are living in a credit Victorian period when credit men were mere truckling book-keepers. In the antiquity of that dark age you are forgetting the search-light of modern credit service. Take that Mead & Drake case, for example. A trip to Newark might have saved them the agony of bankruptcy and the company some \$2,000. I know, I investigated on my own. But here you sat at your desk wielding the big stick of tyranny and smashed into a thousand bits an old reliable concern temporarily embarrassed—and then brazenly refused all compromise proceedings. A head trained to the unreliable procedures of a former decade nodded approval to adolescent methods when a heart as big as the entire D. & H. Company lay dumb and blind to a better method of untangling the wherefore of that disorder."

Jimmy stopped. The torrent had run in a passionate course and now the deluge refused to be dammed. He glanced at the man who listened so pensively and noted the careworn lines of his white, drawn face. "Shall I go on?" he enquired.

John Merriweather nodded his acquiescence.

"Then the mechanics of our profession. It's sardonic to speak of it as a profession in this office. I've watched you labor over long columns of figures when an adding machine would do the work in one-tenth the time. And yet I've heard you say, 'No capable accountant would trifly with figgering machines.' And that's just a touch of the philosophy that keeps the entire office a mass of routine without the capable assistance of billing machines and sundry such. Long hours you've strained the nerves of over-tired stenographers when a dictating machine or two would cut the payroll and plus the efficiency. And the everlasting search for things in musty shelves called files. Give me a month and a little money for modern equipment, I'd transform this place from a nightmare of hodge-podge to the well oiled machinery that tells *where* and *when* and *what* and *how*!"

"But why continue with this diatribe. At least I have learned to love the man in you during these ten years. Let's now part as friends. If it must be—if you must be irretrievably buried alive, I at least refuse to share your sarcophagus any longer."

Jimmy re-lit the cigar now cold and almost crushed between his fingers. His eyes followed Mr. Merriweather, who in the interim had walked silently to the window. Outside the snow flakes fell in soft fluffy profusion. Suddenly, as if to welcome the whiteness come to cover earth's stain, the silent church bells again burst into



Two Ways it cuts bookkeeping costs

First—the L. B. Card ledger saves bookkeepers costly time . . . Then—it reduces mounting office overhead

DID you ever figure out the exact cost of a bookkeeper in your own office?

To begin with there is the salary.

Actually you pay much more than that. You pay for rent, light and heat. You pay the cost of supervision. You pay interest and depreciation on the bookkeeping machines. It is these overhead costs that make the total cost of each bookkeeper easily double, sometimes treble the actual salary.

It was to offset the high cost of bookkeeping in modern offices that Library Bureau designed the L. B. Card ledger. It is today the most widely used ledger for machine posting and the most economical.

Cuts bookkeeping costs

Durable L. B. Ledger cards are specially made and thoroughly tested to meet the exacting needs of machine posting. Their firm edges slide through the bookkeeping machine times without number, never wrinkling or jamming in the machine.

With the L. B. Card ledger, book-

keepers can locate, machine post and replace an account so rapidly that 10%, 30%, and even 50% increase in bookkeeping efficiency is effected. Overtime becomes a thing of the past and frequently the department can operate with fewer clerks and less overhead.

Speedier daily balances

The L. B. Card ledger tray has the famous drop-side and offset feature. Any account card can be easily read to the bottom line without removing the card.

As the bookkeeper posts accounts he can leave them offset until his daily balances are proved. Then, with but a slight touch of the hand, he can put them back without having to lift, pull or twist them.

If you are using, or about to use bookkeeping machines, it will pay you to test, by actual demonstration, the efficiency of the L. B. Card ledger at one of our 54 salesrooms.

Or write for booklet which explains and illustrates the economies you can expect from this ledger.

Home Office: 230 Albany St., Cambridge, Mass. Salesrooms: in the 54 principal cities of the United States, England, France. Factories: Cambridge, Mass., New York, Chicago, Illion, N.Y., New Orleans, London, Eng.

Library Bureau

Founded 1876

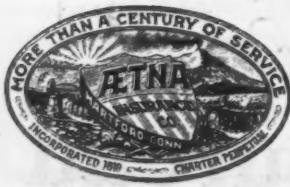
L. B. CARD LEDGERS • THE CHOICE OF AMERICAN BUSINESS



Standing back of thousands of wise men's CREDIT is the PROTECTION of AETNA INSURANCE COMPANY policies— instantly ready to shoulder the burden of FIRE LOSSES and LOSS through BUSINESS INTERRUPTION by FIRE, including LOSS of PROFITS and RENTALS.

With full AETNA protection, your credit cannot be undermined by these financial drains which FOLLOW a fire, and which are often more serious than the fire.

SEE THE LOCAL AGENT OF



RALPH B. IVES, President

sweet carillons echoing across the snow-decked city.

For minutes the elderly credit man wrestled with himself—minutes that to Jimmy Barnes seemed hours. John Meriweather knew the young man had spoken truthfully. He admired the audacity and yet he rebelled against the insubordination of one so young daring to intrude upon his own secret problem. No one need tell him he was buried alive; years before habit had dug the grave, and now habit, that insidious enemy, tamped down the earth that he would break through.

"Peace on earth—good will," sang the bells. Meriweather recalled the sermon of the previous Sunday.

"He who seeks redemption, let him seek to know his own heart in terms of resignation, let him persevere mightily to cast out the evil man who binds him to sloth and indifference. Let him rise up to again become master in hope. Let him, believing against hope and through faith and patience, inherit the promise."

Almost impulsively he turned again to the young man; the very earth cloths which weighed him down seemed now to heave and quake. The still small voice of conscience called, "John Meriweather, be free!" But he hesitated, too long listening to those pulsing vibrations that chimed.

"I come to bring you glad tidings of great joy."

Anger surged in his heart, the message of peace sounded in hollow mockery. He spoke slowly; his lips set like cold steel.

"Mr. Barnes," he asked, stiffly, "when did you anticipate your resignation would take effect?"

"January the fifteenth."

"Then I forego you that pleashre, your services with the D. & H. Company terminate now. Good-day, sir."

* * * * *

The second week in January found Jimmy still looking for a position. There was a strange exhilaration to his new freedom, swift as it had been. But there were mouths to feed and the drudgery of looking for work became discouragingly weary.

Sunday came, and it seemed that at last his faith would be rewarded. A startling display advertisement told that a large, prosperous, unnamed local concern was looking for a credit manager. Application should be directed through letter to Wilson & King, well known accountants. Jimmy determined to land that job and to this task bent all of his energy.

A reply to his letter told him to call in person. In the long interview that followed he outlined for the senior partner his experience and ideals concerning the credit profession, laying due stress on modern methods.

"I am not at liberty," said Mr. Wilson, "to disclose the name of my client. Their present credit man desires to function more completely in managerial duties and wishes a reorganization of his entire department. Nevertheless this work must be handled with rare tact and consideration. I will talk with him and tomorrow you may return to meet him in person."

Jimmy retired in confusion, jubilant in spirit, assured that on the morrow he could sell his services. The long, restless night, however, failed to be a welcome respite for the ordeal that later found him twitching and nervous in the anteroom of Wilson & King.

Once more for a few minutes he re-

viewed his creed of credit faith. Then the accountant rose. "Come now," he said, "to meet the man whom I personally hope will be your partner in a mutual interest."

Together they entered the private office. On the threshold Jimmy stopped. It was too late to retreat. In front of him, smiling and with hand extended, stood John Meriweather.

"Jimmy," he said, "you've had three weeks to cool off—have you?"

Jimmy Barnes didn't flinch. "Mr. Meriweather," he asked, calmly, almost coolly, "are you still buried alive?"

The older man's smile persisted. "No," he answered, "on Christmas day I dug out, renewed my birthright. Three weeks is not long to grow—but I'm toddling. Come now—you need me and I need you."

STATEMENT OF THE OWNERSHIP
MANAGEMENT, CIRCULATION, ETC.
REQUIRED BY THE ACT OF
CONGRESS OF AUGUST 24, 1912

Of the CREDIT MONTHLY published monthly at East Stroudsburg, Pa., for October 1925.
State of New York $\frac{1}{2}$.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Rodman Gilder, who having been duly sworn according to law, deposes and says that he is the Editor of the CREDIT MONTHLY, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, National Association of Credit Men, 41 Park Row, New York.
Editor, Rodman Gilder, 41 Park Row, New York.

Business Managers, None.

2. That the owners are: (Give name and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding 1 per cent or more of the total amount of stock.) National Association of Credit Men, a non-stock corporation with these officers: Richard T. Baden, Holland, Baden & Ramsey, Baltimore, Md., President; William H. Pouch, Concrete Steel Co., New York, Vice-President; George J. Gruen, Gruen Watch Mfg. Co., Cincinnati, O., Vice-President; Frank D. Rock, Armour and Co., Denver, Col., Vice-President; J. H. Tregoe, 41 Park Row, New York, Executive Manager.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of the total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also the said two paragraphs contain statements embracing affidavits full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affidavit has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is..... (This information is required from daily publications only.)

RODMAN GILDER, Editor.

Sworn to and subscribed before this 1st day of October, 1925.

(Seal)
WALDO M. CHAPIN
Notary Public, Queens County, No. 795.
Certificate filed in New York Co., No. 260, Reg. No. 4254.
(My commission expires March 30, 1926)

Credit Insurance Does It Make for Carelessness?

By William Gregg

DOES credit insurance lead to carelessness in granting credit, and does it make a pretext for the employment of anything less than a thoroughly trained credit executive? This is a question that arises when credit insurance is being discussed.

One credit manager of prominence has declared to a representative of the CREDIT MONTHLY that carrying credit insurance does not have any effect on his manner of deciding on credit risks. "When I check an account, I do it without the thought of credit insurance, except that I take care to keep accounts within the limits allowed."

The more capable the credit manager of a concern, and the more highly developed its credit department, the more eager is the insurance company to underwrite the credits of that concern.

The insurance company does not pretend to act as the Credit Department of a concern, according to Oliver J. Matthews of the London Guarantee & Accident Co., Ltd. "The insurance company does not attempt to pass upon any of the factors and information that a credit man *should* obtain—and which a competent credit man *will*. The experience that an applicant presents to the insurance company to a very large extent reflects the efficiency of his credit department, and affects, to a large degree, the rates and conditions upon which the insurance company is willing to undertake the risk. Not every business enterprise is large enough to justify maintaining an organized credit department, but every business must have someone whose business it is to decide the financial and moral standing of the applicant for credit. That decision cannot be based on a credit insurance policy.

"Credit insurance companies would hesitate to continue the business without a wise, efficient and conservative system of credit granting on the part of the concern insured. A haphazard method of granting credits, or its extension based only on the coverage afforded under a credit insurance policy, would, as a natural result, make such a risk uninsurable from a credit insurance standpoint, just as continuous fires and continued carelessness would result in inability to get fire insurance. If a manufacturer takes no, or inefficient, means to protect his employees from injury while pursuing their duties incident to his business, could he get employers' liability insurance, or if so, at what rate? Likewise an efficient dispensing of credit must be in charge of an efficient credit man and not left to whomever may want to decide, and certainly a credit insurance policy or a credit insurance company cannot take the place of the proper person to pass on the risk. A credit insurance company simply states, by its policy, under what terms and conditions it will insure its policyholders against loss on bad accounts, and does not attempt to supersede or interfere with the judgment of a credit man.

Carelessness Not Encouraged

"No insurance of any kind has for its object a plan that encourages carelessness, or invites loss, and of all forms—credit insurance should offer less inducements than any. Its function is to protect against the *unexpected* and unpreventable accidental loss incurred in spite

of every precaution taken by the policyholders.

"A good credit man is invaluable to his employer and through his ability to dispense credit wisely and conservatively depends upon what terms and conditions his employer can buy credit insurance, or whether he can buy it at all.

"A credit insurance company cannot take the place of a credit man, nor can a credit man take the place of credit insurance.

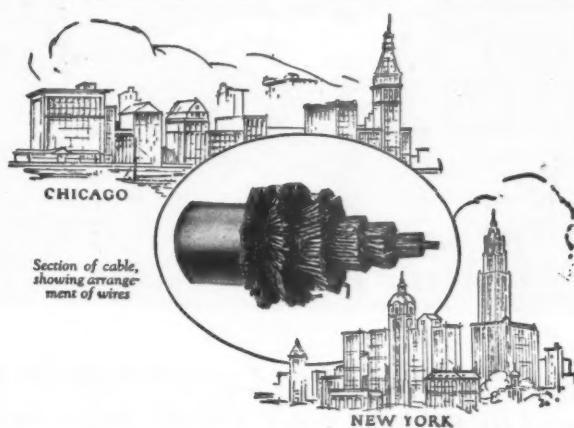
"No man and no insurance company can prevent the occurrence of all happenings that may arise. Death, business depression, flood, calamities, and other casualties are beyond the power of credit men or credit insurance companies to foresee to any degree of certainty, but they all contribute to the inability of the debtor to discharge his obligations.

"The credit man cannot guarantee his employer against loss arising from such disaster, nor against his judgment, no matter how good, but a credit insurance company can."

Credit insurance is not a substitute for a credit manager, according to E. M. Treat, vice-president of the National Surety Co. "A credit man controls the extension of credits. He creates the receivables. Credit insurance underwrites his decisions and guarantees against excessive losses on his receivables.

"No credit man, however wise, can predetermine or control abnormally excessive losses; no credit man can tell, when receivables are first taken, whether they will all be paid when due.

"The services of a credit man, coupled up with a guarantee of credit insurance, offers an assurance that losses through receivables will be held within reasonable bounds. No wise merchant would do without a credit man because he took out credit insurance any more than he would dispense with a night-watchman because he carried fire and burglary insurance. You cannot separate a credit man from a credit insurance policy and receive the full benefits of the services of either."



The World's Longest Telephone Cable

THE New York-Chicago telephone cable is now in service. It is 861 miles long and cost \$25,000,000. It provides more than 250 telephone circuits, and more than 500 telegraph messages can be sent simultaneously with the telephone messages.

This new cable is an important addition to the telephone facilities of the country owned by the Bell System, which include over 42,000,000 miles of wires, 16,000,000 poles, 1,900 buildings, and station and central office equipment costing over \$874,000,000.

This nation-wide plant, with a book cost of over \$2,400,000,000, and its nation-wide service, underlie Bell System securities.

The stock of the A. T. & T., parent company of the Bell System, can be bought in the open market to yield a good return. Write for information.



BELL TELEPHONE SECURITIES CO. Inc.

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SHAW-WALKER

Tell us more about a system for keeping Credit Information

Name

Address

FILING CABINETS, EXPERT INDEXING, CARDS, FOLDERS, GUIDES, DESKS, LABEL SAFES AND SAFETY VAULTS

MUSKEGON - MICHIGAN

Memorial Minutes

AT the last meeting of the Administrative Committee of the National Association of Credit Men the following memorial minutes upon the death of three good friends of the Association, were adopted by a rising vote:

Martin J. Kohn

Without the loyal and consistent work of credit executives in local credit men's associations the National Association would certainly be greatly diminished in power and prestige. A splendid example of a credit man who had a keen sense of the dignity and farreaching importance of credit work was our lamented friend Martin J. Kohn of Baltimore. At all times he could be counted upon for unselfish work on local and National committees, and he served with distinction as President of the Baltimore Association of Credit Men.

In his passing the Baltimore and the National Association have suffered an irreparable loss.

David Crawford Wills

The keen interest of the National Association of Credit Men in the enactment of the Federal Reserve Act in 1914 and in the subsequent operation of the Federal Reserve System naturally brought credit men into contact with David Crawford Wills, Chairman of the Board of the Fourth Federal Reserve Bank, who died at his home in Cleveland, O. October 22.

For many years Mr. Wills, an experienced and high-minded banker, worked consistently with the credit fraternity where he had countless friends and admirers. His untimely death has caused a vacancy that will be exceedingly difficult to fill.

Charles P. Snow

We have received with deep sorrow word of the death of one of the Association's truest and most loyal members, Charles P. Snow of Huntington, W. Va., which occurred October 20.

To have had among its leaders a man of Mr. Snow's character and ability has served greatly to increase the prestige of the Association at Huntington and to win for it that confidence in our work which we have to a peculiar degree throughout the length and breath of Mr. Snow's adopted state.

The influence of such a man is not confined to his own community; it sweeps beyond the home city and makes itself felt in the hearts of men far away.

"Too Many Creditors"

W. H. Gilday of the Hamilton-Brown Shoe Co., Boston, writing in the *Boot and Shoe Recorder*, says that financial difficulties inevitably result from having too many creditors. Many failures are precipitated by hasty and ill-advised action by two or three creditors. A small merchant may have as many as 50 and 60, with liabilities of perhaps \$15,000. Visualize the circumstances leading up to such a failure. Character and previous good record count little with some houses, which impatiently throw the merchant into bankruptcy without sufficient cause. The large economic waste from credit losses and insolvency is a result of these conditions, due primarily to the dealers themselves, according to this experienced Credit Manager.



Chance vs Knowledge of the Law



Jim took a chance

Jack didn't

WITH a few strokes of the pen the artist here pictures vividly, forcefully and truthfully what the National Association of Credit Men has been trying for years to impress upon its members,—that taking chances with the law in credit work is like playing with fire. *You may escape getting burned, but the chances are against you.*

Jim, gloomy and bewildered, typifies the credit man who, ignorant of or out of touch with the ever-changing phases of the laws that surround credit work, takes chances and loses.

Jack, all smiles and with a safety credit guide in his hand, denotes the credit man who takes no chances through lack of knowledge of the laws that affect credit risks and profits.

WHY risk your reputation and your concern's profits by playing Jim's game when, with a copy of the *Credit Men's Diary and Manual of Commercial Laws* to guide you, you can be in Jack's class and on the safe side?

In your own interest and in the interest of your house your answer to this question should be—

National Association of Credit Men:
41 Park Row, New York.

Please enter my order for a copy of the Credit Man's Diary and Manual of Commercial Laws for 1926 under your ADVANCE ORDER offer of \$3.50 per copy, delivered to

Name *THREE*

Firm

Street

City State

(Sent on five days' approval if desired and so noted on order)



Every credit man has a duty to show his credit-seekers that they need Fidelity Insurance for the protection of their assets. The day of reckoning usually comes without warning.

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Books Reviewed in 1925

For some years the CREDIT MONTHLY has kept close track of the books of special interest to business men, and has published from time to time reviews and notices of such books as they appear. Besides those reviewed in this issue, criticisms of the following books have been printed in the CREDIT MONTHLY during the year 1925.

ANGLO-AMERICAN TRADE 1800-1850. Norman Sidney Buck, Ph. D. Yale University Press, New Haven, 1925. 190 pp. \$2.50.

AUDITING. William H. Bell, C. P. A. Prentice-Hall, Inc., N. Y., 1924. 518 pp.

BLOCKADE AND SEA POWER. Maurice Parmelee, Ph. D. Thomas Y. Crowell Co., N. Y., 1924. 449 pp. \$3.00.

THE BROOKLYN EAGLE ALMANAC—1925. The Brooklyn Daily Eagle, Brooklyn, N. Y. 584 pp. Cloth, \$1.50.

BUSINESS LETTERS MADE EASY. Paul W. Kearney, Edward J. Clode, N. Y., 1925. 297 pp. \$1.00.

COLLECTION CORRESPONDENCE AND AGENCY PRACTICE. Theodore N. Beckman and Felix E. Held. McGraw-Hill Book Co., Inc., N. Y., 1925. 193 pp. \$2.50.

CONFERENCES, COMMITTEES, CONVENTIONS, AND HOW TO RUN THEM. Edward Eyre Hunt. Harper & Bro., N. Y., 1925. 218 pp. \$2.50.

CONSTRUCTIVE MERCHANDISING. Robert E. Ramsay. D. Appleton Co., N. Y., 1925. 718 pp. \$6.00.

COST ACCOUNTING. W. B. Lawrence, C. P. A. Prentice-Hall, Inc., N. Y., 1925. 544 pp. \$5.00.

THE COST OF LIVING IN THE UNITED STATES. National Industrial Conference Board, Inc., N. Y., 1925. 201 pp. \$2.50.

THE CREDIT MAN'S DIARY AND MANUAL OF COMMERCIAL LAWS FOR 1925. National Association of Credit Men, N. Y., 1925. 560 pp. \$4.00.

CREDIT MANAGEMENT. Emery E. Olson and J. W. Hallinan. Ronald Press Company, N. Y., 1925. 460 pp. \$4.50.

THE DISCOUNT POLICY OF THE FEDERAL RESERVE SYSTEM. Benjamin Haggott Beckhart, N. A. Henry Holt & Co., N. Y., 1924. 604 pp. \$6.00.

ECONOMICS FOR HELEN. Hilaire Belloc. G. P. Putnam's Sons, N. Y., 1924. 225 pp. \$2.00.

ENGLISH IN BUSINESS. John C. French and John E. Uhler. McGraw-Hill Book Co., Inc., N. Y., 1925. 311 pp. \$2.00.

EVERYMAN'S INSURANCE. Frazer Hood, Ph. D. D. Appleton & Co., New York, 1925. 264 pp. \$1.50.

GRAPHIC STATISTICS IN MANAGEMENT. William Henry Smith. McGraw-Hill Book Co., N. Y., 1924. 360 pp. \$4.00.

HISTORY OF COMMERCE OF THE UNITED STATES. Clive Day, Ph. D. Longmans, Green and Co., N. Y., 1925. 394 pp. \$1.80.

HANDBOOK OF COMMERCIAL GEOGRAPHY. George J. Chisholm. Longmans, Green & Co., London, 1925. 825 pp. \$7.50.

HOW TO READ A FINANCIAL STATEMENT. Herbert G. Stockwell. Ronald Press Co., N. Y., 1925. 443 pp. \$4.50.

INCOME TAX PROCEDURE—1925. Robert E. Montgomery, C. P. A. Ronald Press Co., N. Y., 1925. 1898 pp. \$12.00.

INTERNATIONAL ECONOMIC POLICIES. William Smith Culbertson. D. Appleton & Co., N. Y., 1925. 575 pp. \$3.50.

INTERNATIONAL TRADE FINANCE. George W. Edwards, Ph. D. Henry Holt & Co., N. Y., 1924. 495 pp. \$4.50.

LABOR ECONOMICS. Solomon Blum. Henry Holt & Co., N. Y., 1925. 579 pp. \$4.00.

LOTTERY. W. E. Woodward (Author of "Bunk"). Harper & Bros., N. Y., 1924. 430 pp. \$2.00.

MAILING LIST DIRECTORY. Linda H. Morley and Adelaide C. Knight, under direction of John Cotton Dana. McGraw-Hill Book Co., Inc., N. Y., 1924. 727 pp. \$10.

MANUAL OF OFFICE PRACTICE FOR THE ARCHITECTURAL WORKER. Frederick J. Adams. Chas. Scribner's Sons, N. Y., 1924. 96 pp. \$1.25.

A MESSAGE TO GARCIA (AND TWO OTHER PAPERS). Elbert Hubbard. Thomas Y. Crowell Co., N. Y., 1924. 48 pp. 50 cts.

PRINCIPLES OF INVESTMENT. A. M. Sakolski. Ronald Press Co., N. Y., 1925. 505 pp. \$4.50.

THE NEW SCIENCE OF WORK. Christian D. Larson. Thomas Y. Crowell Co., N. Y.

PSYCHOLOGY IN BUSINESS RELATIONS. A. J. Snow. A. W. Shaw Company, Chicago, 1925. 562 pp. \$4.50.

PRINCIPLES OF AUDITING. Eric L. Kohler, N. A., C. P. A., and Paul W. Pettengill, C. P. A. A. W. Shaw Co., Chicago, 1924. 327 pp. \$4.00.

PROBLEMS IN BUSINESS ECONOMICS. Homer B. Vanderblue, Ph. D. A. W. Shaw Company, Chicago, 1924. 621 pp.

PUBLIC FINANCE. Harley Leist Lutz, Ph. D. D. Appleton & Co., N. Y., 1924. 681 pp. \$4.00.

RETAIL MERCHANDISING PLANNING AND CONTROL. James L. Fri. Prentice-Hall, Inc., N. Y., 1925. 371 pp.

SOCIAL CONSEQUENCES OF BUSINESS CYCLES. Maurice B. Hexter, Ph. D. Houghton Mifflin Co., N. Y., 1925. 206 pp. \$1.00.

SOCIAL PROBLEMS AND EDUCATION. Ernest R. Groves. Longmans, Green and Co., N. Y., 1925. 458 pp.

STATISTICS AS APPLIED IN BUSINESS. Benjamin Franklin Young. Ronald Press Co., N. Y., 1925. 639 pp. \$5.00.

STATISTICAL METHODS. Frederick Cecil Mills. Henry Holt & Co., N. Y., 1924. 604 pp. \$3.60.

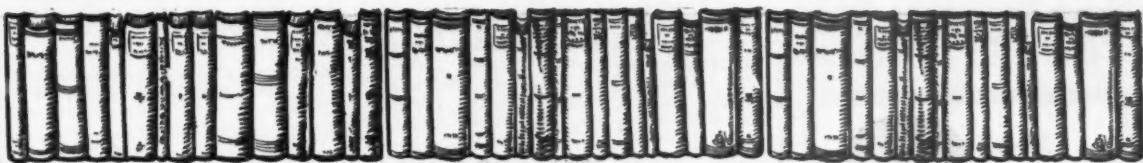
TAKING THE GUESSWORK OUT OF BUSINESS. William R. Bassett. B. C. Forbes Publishing Co., N. Y., 1924. 196 pp. \$2.00.

TEXTBOOK OF SALESMANSHIP. Frederic A. Russell. Ph. D. McGraw-Hill Book Co., Inc., N. Y., 1924. 319 pp. \$3.00.

VALUATION OF INDUSTRIAL SECURITIES. Ralph Eastman Badger, Ph. D. Prentice-Hall, Inc., N. Y., 1925. 188 pp. \$5.00.

THE WORLD ALMANAC—1925. The New York World, N. Y. 880 pp. 50 cts. postpaid.

These or other business books may be ordered through the CREDIT MONTHLY, 41 Park Row, New York.



The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

Financial History 1914-1922

THE FORMATIVE PERIOD OF THE FEDERAL RESERVE SYSTEM. W. P. G. Harding. Houghton Mifflin Co. Boston. 1925. 320 pp. \$4.50.

Although the author modestly refers to this book as a "personal narrative", it is, in effect, a complete financial history of the United States for the period beginning with the outbreak of the world war and ending four years after the armistice.

As is well known, Mr. Harding was one of the original members of the Federal Reserve Board in 1914, and served with distinction as the Governor of the Board from August, 1916, until his retirement in 1922. In this volume he gives a full and illuminating account of the organization of the Board, describes the effects of the war, outlines the extension and the working of the Reserve System, and discuss the policies, problems and routine operations of the Board.

To complete the personal picture, it is only necessary to say that William P. Gould Harding was born in Greene County, Alabama, in 1864; took his bachelor's degree at the University of Alabama in 1880 and his Master of Arts degree in 1881 (the youngest graduate in the history of that university); and was president of the First National Bank of Birmingham before his appointment to the Reserve Board. He is now Governor of the Federal Reserve Bank in Boston.

The distinguished author of this book submits it to the reader with the expressed hope that its contents will aid in a correct appraisal of the part played by the Federal Reserve System during the world crisis, and of its value in the future. His hope is well founded, for the work cannot fail to make clear to everyone who reads it the vital part played by the Federal Reserve during one of the most trying periods of the Nation's history. As for the future, the volume will fortunately serve as a spur to those who do not yet seem to realize that the System is still under trial and must soon defend, in a very definite way, its right to continued existence. More than half of its life under the charter has passed.

The order of presenting the material is, naturally, chronological. The opening chapter records the appointment of Members of the Federal Reserve Board and the organization of the Board. Chapters II to VII concern the Reserve policies and operations up to the time the United States entered the war. Chapter VIII chronicles the entrance of the country into the great struggle, the amendment by Congress of the Federal

Reserve Act, President Wilson's pressure upon the State Banks to become members, and the First Liberty Loan campaign.

Subsequent chapters discuss the later high lights of Reserve plans and performances, the Capital Issue Committee, the War Finance Corporation, the Pittman and Overman Acts, after-war readjustments, the Discount Policy, the Conference of May, 1920, and so on down to the events immediately preceding Governor Harding's retirement in 1922.

The years covered by this chronicle were, as the author intimates, among the most eventful and critical in modern times. Every branch of the Government was constantly confronted with new and perplexing problems affecting all who were engaged in banking and commerce, industry and agriculture. In dealing with emergencies it was difficult, Mr. Harding submits, to reconcile the divergent interests of buyers and sellers, of employers and wage-earners, of producers and consumers.

Complaints and criticisms were inevitable, and during the period of world-wide reaction after the armistice many such were directed against the Federal Reserve Board. To show that these complaints were, in the main, based on conditions not of the Board's making and entirely beyond its control, was one of the objects of this noteworthy book.

Cases and Decisions

HARVARD BUSINESS REPORTS—Vol. 1. Harvard University Graduate School of Business Administration. A. W. Shaw Co., Chicago. 1925. 561 pp. \$7.50.

In this important publication Harvard demonstrates again its leadership in one of the noteworthy experiments of modern education—the application of the case-book method to the conduct of courses in business administration.

This method of instruction in commercial studies was launched at Cambridge by the adoption of the general principles of Langdell's case system, now used in most of our American schools of law. A constantly increasing percentage of the work in the Graduate School of Business Administration is carried on by this new method.

Under it, the student obtains his training by solving executive problems which have actually occurred in business. The case method, a logical development of the problem method formerly in vogue, has greatly changed the nature of the classroom work at Harvard, and has, in the opinion of those responsible for it, appreciably improved the quality of instruction.

The present volume presents 149 actual cases, selected from a total of about 3,500 now in the files of the School. Each case is considered significant, either as a record of current business practice or as a guide to sound business management. In most of the cases the names of the firms are disguised, but a few concerns, such as the General Mo-

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Mr. W. H. Feasel, credit manager of the Cooper Underwear Company, Kenosha, Wisconsin. Mr. Feasel depends on Interchange reports for facts.

How safe and simple it is to judge credit risks, when the whole record of the applicant is before you.

CREDIT extended on that basis is not just taking a blind chance. The report of one or two firms may be misleading—often is—but complete figures supplied by many ledgers tell a true story. This is the service rendered by the Credit Interchange Bureaus, affiliated in the National Clearance System. The subscribers—foremost firms in all industries—have cut their losses because they no longer “guess” nor take chances. They have irrefutable facts to go by—and complete facts never fail nor mislead.

Examine your own ledgers and see what lack of reliable information in extending credit has cost you. Then you will know the actual money value of our service in your case.

Have you ever lost a good account because of lack of credit information? Add that to it, too, for that is another way our service helps.

Offices in sixty cities.

Phone or write your local association for complete information.

National Association of Credit Men

The central clearing office for the sixty local units affiliated in the National Clearance System

New York
41 Park Row

Chicago
76 W. Monroe

Saint Louis
510 Locust St.

tors Corporation and the Mennen Company, have given permission for the publication of their cases without such dis-
guise.

There are five cases which are of par-
ticular interest to credit managers.

These are:

- P. 348 Aldridge Adding Machine Com-
pany—"Decentralized Credit and
Collection Control";
- P. 467 Eckerly Manufacturing Com-
pany—"Terms of Financing Re-
tailers' Instalment Sales";
- P. 444 Hilton Department Store—"Dis-
continuance of Charges for
Credit and Delivery";
- P. 526 Seventh National Bank—"With-
drawal of Credit Accommodation
because of Falsified Balance
Sheet";
- P. 431 Superior Milk Company—"Strict
Enforcement of Discount Terms"

Listing of these special cases does not
mean that credit men will not find valuable
material in the other 144. In fact it is
well worth the while of any business
man, whether directly concerned with
production, sales, accounting or credits, to
go over these carefully selected cases and
get a clear idea of the kind of problems
the business executives of today are fac-
ing.

The volume is serviceably and attract-
ively bound, its dress strongly suggesting
(and doubtless purposely) that of the re-
ports on legal cases which are to be seen
in long, orderly rows on the library or
office shelves of every enterprising at-
torney-at-law.

Swain vs. Spain

COMMERCIAL CREDIT RISKS—EX-
PORT CREDITS AND CREDIT INSUR-
ANCE. A. H. Swain. Isaac Pitman &
Sons, N. Y. 1925. 148 pp. \$1.50.

While this book is not a general trea-
tise, as its title might seem to indicate,
but is rather a document having a strong
flavor of propaganda, there is a consider-
able amount of material in it that is of in-
terest to credit managers.

The author is a fellow of the Corpora-

tion of Insurance Brokers, Chairman of
the City of Leicester Electricity Com-
mittee and Member of the East Midlands
Electricity Advisory Board. These con-
nections obviously place him, geographi-
cally, and also give some hint of the
typically English thoroughness which
characterizes his nine interesting chapters
and an appendix.

The basic question with which this book
is concerned is whether credit insurance
(in the English manner) can best be pro-
vided by the government or by private
enterprise. Under the Overseas Trade
(Credits and Insurance) Act of 1920 the
British Government launched such a
scheme with an appropriation of £26,
000,000. But the Trade Indemnity Co.
Ltd., through one of its representatives,
H. Stanley Spain, vigorously insists that
this service should be provided by private
enterprise, by which Mr. Spain naturally
means the company with which he is as-
sociated. Mr. Swain says, "not at all",
and this book presents his argument.

As many credit executives know, credit
insurance in England and in the United
States are two entirely different things.
It happens that two of the leading com-
panies placing credit insurance in the
United States,—The London Guarantee
and Accident Company, Limited and The
Ocean Accident and Guarantee Cor-
poration, Limited,—are well-known Eng-
lish insurance companies. They do a big
business here in what the English call
"Excess Loss" policies, but, strange to
say, that form of credit insurance is virtu-
ally unknown, or at least unused, in
England.

When the English business man says
"credit insurance" he has in mind guaran-
tees provided to protect him against loss
in export trade due to sudden changes of
conditions, as through wars or revolu-
tions in the foreign countries to which
he sends his goods.

There are many interesting side-lights
in this spicy little volume. Space allows
but one direct quotation:

"Our American cousins are under no
delusions as to the conditions of world
trade. They certainly do not intend to

GF Allsteel
The Complete Line of Office Equipment

Allsteel Transfer Files

YOU'LL find combined in GF
Allsteel Transfer Cases all the
qualities you've been looking for.
They are compact, and give greatest
possible filing space per unit. Their
excess strength insures against bind-
ing of drawers regardless of height of
stacks. Their full steel enclosure gives
protection—keeps out dust, and cuts
down the fire hazard.

On GF Transfer Cases, as on every
item of GF office equipment, the
Allsteel trademark is your guaran-
tee of permanent satisfaction.

Write for the Allsteel
Furniture Catalog

The General Fireproofing Co.
Youngstown, Ohio
Canadian Plant: Toronto, Ontario
Dealers Everywhere



Attack this coupon to your firm letterhead

The General Fireproofing Co.,
Youngstown, Ohio

CM

Please send me without obligation, a copy of
The GF Allsteel Furniture Catalog.

Name
Firm
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City State

**Great American
Insurance Company
New York
INCORPORATED - 1872**

CAPITAL
\$12,500,000
LOSSES PAID POLICY HOLDERS
\$164,897,335.64

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NEW YORK CITY

AGENCIES THROUGHOUT THE UNITED STATES AND CANADA

stand aside and leave the conduct of such trade to Britain any more than their bankers intend to permit London to continue the centre of the world's money market."

Words as a Business-Developer

MODERN BUSINESS ENGLISH. A. Charles Babenroth, Ph. D. Prentice-Hall, Inc. New York. 1925. 466 pp. \$4.00.

Still they come. This is the fourth book in the field of Business English received by the CREDIT MONTHLY for review since mid-summer. And Dr. Babenroth gracefully admits that "there are others" by acknowledging his indebtedness to his predecessors,—Professors Gardner, Hotchkiss, Kilduff, Naether and Raymond, "whose investigations and contributions in the field of Business English have been of inestimable value to all students of the subject."

This book has certain obvious advantages over most of its competitors. The chief of these is larger pages and more of them, which makes it possible for Professor Babenroth to treat a number of important topics more fully and thoroughly than they have ever been treated before. Also, it enables him to display his material in more attractive, and therefore more usable, form.

From the credit point of view the work has much to commend it. The section on credit and collection letters does not, of course, presume to take the place of a full-length treatise such as the "Effective Collection Letters" of Tregoe and Whyte, but it does give the best presentation of the subject the reviewer has yet encountered in a general text on Business English. Incidentally this may be due partly to the fact that the author had the active co-operation of Dr. Whyte in the preparation of his manuscript.

In chapters X and XI the author puts forward some basic principles which would do credit to a general text on credits and collections. He defines credit, inspects its sources, introduces our good old friends, the "three C's", and indicates the chief line along which credit investigations are conducted.

The entire credit fraternity should be grateful for the clarity with which Dr. Babenroth demonstrates, on Page 314, that credit is not a valuable service passing from seller to buyer, but is rather

something which flows from debtor to creditor, with goods moving in the opposite direction. Credit represents the customer's power to buy without cash payment, and the function of the credit man is, as Dr. Babenroth pungently suggests, to determine whether the buyer has this power or merely bravado.

In sub-heading "Granting Credit" on Page 320 and the following paragraphs, he slips back into the old conception of credit, but in the main his treatment is modern and well grounded.

In emphasizing the chapters on credit and collection letters, the reviewer does not intend to indicate that these subjects are developed at the expense of symmetry. The book is well rounded; the treatment of sales letters, complaints, applications and reports is fully as modern and as thorough as that of the purely credit subjects.

Mechanically, "Modern Business English" is at a level which has not been surmounted, if even equalled, by any other publication bearing the Prentice-Hall imprint. Dr. Babenroth has done well by his publishers, and they by him.

How Business Is Done

AN INTRODUCTION TO BUSINESS. Harold H. Maynard and Walter C. Weidler. Ronald Press Co. N. Y. 1925. 616 pp. \$4.

With this volume, Ohio State scores another touch-down, and adds an extra point by successfully kicking the goal. The cheers, however, will come not from that remarkable stadium they have at Columbus, but rather from a multitude of business athletes from Maine to California who have long been waiting for such a book as this.

Dr. Maynard and Mr. Weidler have tackled a big job, but it has not been too much for them. Working to produce a text-book on basic business organization that might serve as a foundation for specialized studies coming later in the curriculum, they have turned out a volume that is bound to receive as warm a welcome in the business office and the manufacturing plants as it does in the college classroom.

One of the best features of the book comes at the very beginning,—the presentation of agriculture as our greatest industry, involving a larger capital outlay than the total invested in all our mines,

railroads and factories, and furnishing employment for more than one-third of all the working population of the United States. This section of the book is admirable, but not more so than should be expected from the experienced pen of the author of "Marketing Northwestern Apples".

From agriculture the authors go on to lumbering, the mineral and fishing industries, and general industrial development, covering the metals, textiles, and other forms of manufacturing activity. Production is followed by distribution, with a general discussion of the functions of the distributive industries and special chapters on the marketing of farm products and of manufactured goods, and the problems of export trade.

Forms of business organization are then described, with emphasis on corporate securities and control, and business combinations and agreements. The authors discuss the general principles of financial policy, treating separately the various institutions which aid in financing a business and devoting a chapter to personal or private finance.

The business man's relation to labor is then taken up, with a discussion of employment, training and other personnel relations, and a chapter on organized labor. The next section concerns the development and organization of transportation and the relation of public utilities to business.

The concluding chapters of the book cover special problems such as business records, insurance, business men's associations and the relation of government to business.

The book follows the familiar Ronald text format, with frequent sideheads. A few type inaccuracies have got past the proofreaders, but these can be eliminated in a second edition, and are, of course, inconsequential in the light of the exceptional value of the text as a whole.

For Retail Merchants

LEICH'S LITTLE LEDGER. Herbert Leich. Charles Leich & Co., Evansville, Ind. 115 pp. \$5.

Credit managers in wholesale and jobbing concerns are now fully aware of the fact that a great many retailers need to be educated in the principles of successful merchandising, with strong emphasis on an accounting system that will enable the merchant to know exactly how he stands at any time.

Some retailers operate on an accounting system so loose that they can scarcely be said to keep books at all. For these, the simplest possible system is desirable, as a stepping-stone in the direction of a complete double-entry system, and Mr. Leich's "Little Ledger" appears to satisfy this need.

The Ledger contains sections for records of daily purchases, daily sales, daily expense, and cash and merchandise withdrawn. Full explanation is given concerning the operation of these records, and there is a large amount of space for other records, such as investments outside of the business, insurance coverage of various kinds, including workmen's compensation, automobile insurance, etc.

Mr. Leich has also made some very wholesome suggestions to retailers concerning matters outside the immediate field of a book-keeping system. These include the desirability of making a will, of becoming familiar with the Bulk Sales Law of the State in which the business is located, and of carrying adequate insurance on stock and equipment.

Globe & Rutgers Fire Insurance Co.

HOME OFFICE: 111 William St., New York

Issues policies against

Fire Marine Tornado Earthquake Flood Hail Explosion

Transportation Hazards

Riot and Civil Commotion

Also writes AUTOMOBILE INSURANCE against

FIRE, THEFT, COLLISION, Etc.

JANUARY 1st, 1925

Assets as of January 1st, 1925	- - -	\$60,654,703.06
Capital	- - -	3,500,000.00
Surplus	- - -	19,810,623.92
All other Liabilities	- - -	37,344,079.14

Lyman Candoe, Vice President

J. H. Mulvehill, Vice Pres. & Sec.

W. L. Lindsay, Secretary

G. C. Owens, Asst. Secretary

M. J. Volkman, Local Secretary

E. C. Jameson, President

W. H. Paulson, Vice President

J. D. Lester, Vice President

A. H. Witthohn, Secretary

A. G. Cassin, Asst. Secretary

Addresses Wanted

BABICH, R. S., formerly at Red Lodge, Montana.

BLACK, J. T., formerly of 3228 Benton Boulevard, Kansas City, Mo. Not reported to be in Topeka, Kansas.

BONHAM, J. W. COMPANY, formerly of St. Petersburg, Florida.

BROWN, HARRY, recently at 89 Newark Avenue, Jersey City, N. J.

CARLSON, CHAS. G., formerly at 2653 Nicollett Avenue, Minneapolis, Minn. Now supposed to be somewhere near St. Cloud, Minn.

COHEN, IRVING, formerly trading as the Irving Shoe Shop, at 300 West 125th Street, New York City.

COMMUNITY PAINT & WALLPAPER COMPANY, 603 Lake Street, Maywood, Illinois, operated by Howard C. Reese, residing at 1413 Farwell Avenue, Chicago, Ill.

DEUTSCH, S., formerly at 634 9th Avenue, New York City.

DREES, L. A., formerly of Carbondale, Illinois.

FORT VALLEY PLUMBING COMPANY, recently at Fort Valley, Georgia. Now believed to be located in Griffin, Georgia.

GINNSBERG CIGAR COMPANY, operated by Robert Ginsberg and Mrs. Mary Ginsberg, at 901 West 2nd Street, Davenport, Iowa.

GRANT, C. J., Wilkes-Barre, Pa.

HUGHES, G. R., formerly operated the Metropolitan Enterprises, at 302 Prince Theatre Building, at Houston, Texas. Originally from Billings, Montana.

JAFFE, BENJAMIN, formerly in business at 8502 18th Street, Brooklyn, N. Y.

KAUFMAN, RAPHAEL, trading as the Kaufman Korman Company, formerly located at 16 Carver Street, Boston, Mass., in the dental instrument business.

KRONMAN, IRVING, formerly operated the Park Sign Company, at 101 West Front Street, Plainfield, N. J.

LANE, C. J., New Britain, Conn.

LEACH, O. L., formerly of Ellwood City, Pa.

LINDER, E. S., at one time connected with the Modern Adjustment Company, Cleveland, Ohio. Now believed to be somewhere in Florida.

MARIE SHOP, recently located at 2582 Finkell Street, Detroit, Mich.

MEISNER, JACOB, last known address was 1497 Avenue A, New York City.

MILLER, A. S., formerly trading as the A. S. Men's Shop, at 635 Fulton Street, Brooklyn, N. Y.

MITCHELL ART GOODS COMPANY, 3950 Southwestern Avenue, Chicago, Ill.

MONARCH BODY WORKS, Erie, Pa.

ORANGE CANDY COMPANY, formerly of Orlando, Florida.

POUSMAN, ALBERT, trading as Fifth Avenue Outlet Store, at 1859 Fifth Avenue, New York City.

SIEGEL & JUST, recently operated the Cecele Shop, at 2072 7th Avenue, New York City.

STOKES, R. A., operated an agency for the Peerless Vaporizer Company, in the West Building, Houston, Texas.

SURREY SHOE COMPANY, formerly located at 13 East 16th Street, New York City.

TYNER, W. E., formerly of Centralia, Wash., also Rock Springs, Wyoming.

VALENTINE, H. W., formerly of Kingston, N. Y. Later reported at 144 Washington Street, Flushing, N. Y.

WAGNER, RICHARD W., operated as Wagner Company, garage equipment, at 1197 Atlantic Avenue, Brooklyn, N. Y.

WEISMAN, M. J., formerly care of Stewarts, at 1204 Main Street, Kansas City, Mo.

Information Wanted

Members having had experience with one **PAUL KOHN**, representing himself to be a brother of Martin Kohn, a reputable merchant of Havana, will please get in touch with this office.

Special Notice

Members should be careful to not confuse the **ROSE HILL TRADING SUPPLY STORE**, Rose Hill, North Carolina, with a well-rated and legitimate Company similar to that name, and communicate with this office if any orders are received.

The Modern Credit Executive's Problem

The Credit Manager has to determine the amount of credit to extend when he does not know these things: First, when the capital may be decreased; second, when incompetency may develop; third, when and where his customers are buying; fourth, when change of management may occur; fifth, when fraud may be practiced; sixth, when depression in a manufacturing center may occur; seventh when a crop may fail; eighth, when the public may quit buying; ninth, when production and price-relation will synchronize.

These uncontrollable factors of business caused over 20,000 failures in 1924, with over \$600,000,000.00 of liabilities.

Credit Insurance

will absolutely protect your house against all excess losses by insolvencies which cannot be foreseen or forestalled.

It will reduce your firm's normal credit loss, through a collateral collection service which frequently saves many times the moderate premium paid for the policy.

May we furnish you the complete details of how this broad, comprehensive service can co-operate with you to make the department you are responsible for function most efficiently.

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Directory of Officers

Affiliated Branches, Natl. Assn. Credit Men

Note: A. C. M. Means Association of Credit Men.

ALABAMA, Birmingham—Birmingham A. C. M. Pres., T. M. Nesbitt, Moore Handley Hdw. Co.; Sec.-Mgr., R. H. Eggleston, Lincoln Reserve Life Bldg.

ALABAMA—Mobile—Mobile A. C. M. Pres., H. F. Baldwin, Gulf Gro. Co.; Sec., J. G. Goodman, 415-416 State Office Bldg.

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COLORADO, Denver—Denver A. C. M. Pres., R. M. Dulin, Gates Rubber Co.; Sec., J. E. Roberts, Jr., McPhee & McGinnity Co.; Asst. Sec., James B. McKelvy, 414 Empire Bldg.

COLORADO, Pueblo—Pueblo A. C. M. Pres., H. S. Hill, Colorado Supply Co.; Sec.-Mgr., F. L. Taylor, 747 Thatcher Bldg.

CONNECTICUT, Associations of Credit Men—R. W. Maney, Joint Secretary, 457 Main St. Hartford.

CONNECTICUT, Bridgeport—Bridgeport A. C. M. Pres., L. M. Allen, Bridgeport Brass Co.; Sec., E. M. Beach, First Natl. Bank of Bridgeport.

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GEORGIA, Augusta—Augusta A. C. M. Pres., L. L. Arrington, Arrington Bros. Co.; Sec., W. W. Zealey, Hollingsworth Candy Co.; Asst. Sec., W. B. Oliver, 512 Lamar Bldg.

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NORTH DAKOTA, Minot—Minot A. C. M. Pres., G. R. VanSickle, Adjustment Service Co.; Sec., M. H. Worden, Minot Gro. Co.

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OHIO, Cleveland—Cleveland A. C. M. Pres., H. E. Gilbert, Ohio Buick Co.; Sec., D. W. Cauley, 322 Engineer's Bldg.

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PENNSYLVANIA, Harrisburg—Harrisburg A. C. M. Pres., Jas. Claster, 119 So. 2nd St.; Sec., D. S. E. Parthemore, Cafe Moorhead Knitting Co.

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SOUTH CAROLINA, Greenville—Pied-Pres., S. C. Templeton, Cosby-Templeton Co.; Sec-Treas., U. C. Bentley, 210-212 Capers Bldg.

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